

OFFICE OF AUDITS AND COMPLIANCE

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JAN 02 2009

Leroy D. Baca, Sheriff
County of Los Angeles Sheriff's Department
4700 Ramona Boulevard
Monterey Park, CA 91754-2169

Dear Sheriff Baca:

The California Department of Corrections and Rehabilitation's (CDCR), Office of Audits and Compliance (OAC), Audits Branch completed a limited scope audit of the medical and security rates, the related billings and the non-routine medical billings for the Los Angeles County Jail submitted under the CDCR's Local Assistance Program for reimbursement of claims pursuant to Section 4016.5 of the Penal Code. The Audits Branch's fieldwork was from January 30, 2007 to June 21, 2007. The audit covered the period of July 1, 2006 through December 31, 2006.

Enclosed is a copy of the final report. This report includes your response received on November 18, 2008, and our comments to your response. If you wish to appeal the final audit report to the Administrative Review Committee, please submit your request in writing within 30 days from the date of this letter.

Should you have questions or require additional information regarding the contents of this report, please contact Tim Adams, Supervising Management Auditor, OAC, at (916) 255-2701.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard C. Krupp". The signature is stylized with a large initial "R" and a long, sweeping underline.

RICHARD C. KRUPP, Ph.D.
Assistant Secretary
Office of Audits and Compliance

Enclosure

cc: Thomas Hoffman, Division of Adult Parolee Operations
Tim Adams, OAC
Rick Vandenberg, Los Angeles County Auditor-Controller
Los Angeles County Sheriff's Department
Marc Klugman, Corrections Services Division
Conrad Meredith, Director of Financial Programs
Jane Chow, Los Angeles County Health Services

DAILY JAIL MEDICAL RATE AUDIT

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT



FINAL AUDIT REPORT

Prepared by:

California Department of Corrections and Rehabilitation's
Office of Audits and Compliance

December 2008

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

Office of Audits and Compliance
Patricia Weatherspoon, Senior Management Auditor
Patrick Tubb, Staff Management Auditor
Sharon Candalot, Staff Management Auditor
Catherine Almendariz, Staff Services Manager I

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JAN 02 2009

AUDITOR'S REPORT

Leroy D. Baca, Sheriff
County of Los Angeles Sheriff's Department
4700 Ramona Boulevard
Monterey Park, CA 91754-2169

Dear Sheriff Baca:

The California Department of Corrections and Rehabilitation's (CDCR), Office of Audits and Compliance, Audits Branch, completed a limited scope audit of the Los Angeles County Sheriff's Department (LACSD) medical and security rates, their related billings and the non-routine medical billings submitted under the CDCR's Local Assistance Program for claims pursuant to Section 4016.5 of the Penal Code (PC).

The Audits Branch conducted the audit in accordance with *Generally Accepted Governmental Auditing Standards*, including tests of controls and other such auditing procedures considered necessary under the circumstances.

The scope of the audit was limited to the Daily Jail Rate (DJR) for the Jail Hospital and the Jail Ward Security rates. The audit period was from July 1, 2006 through December 31, 2006.

Audit fieldwork was conducted from January 30, 2007 through June 21, 2007.

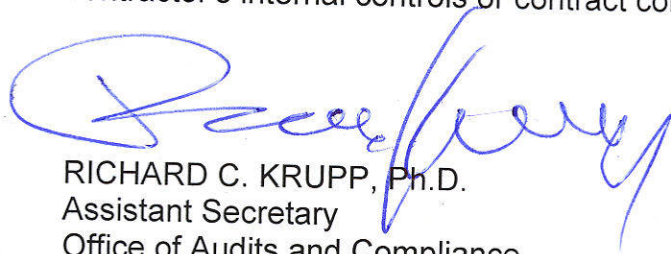
The specific objectives of the audit were to determine whether:

- The records support the Jail Hospital Rate and the Jail Ward Security Rate proposals submitted to the CDCR for fiscal year (FY) 2006/07, (based on actual costs for FY 2004/05), and consistent with the CDCR Local Assistance Guidelines, as set forth in the DJR Manual.
- The records support the medical billing invoices, including the Jail Hospital and Jail Ward, for the period of July 1, 2006 through December 31, 2006.

The Audits Branch identified six findings consisting of:

- The Jail Hospital Rate;
- The Jail Hospital Prior Rate Estimate Adjustment;
- The Jail Ward Security Rate;
- The Jail Ward Security Prior Rate Estimate Adjustment;
- The Los Angeles County Medical Center non-routine medical billings; and
- The Jail Hospital billings.

The Audits Branch's audit was limited to selected test periods and fiscal transactions; therefore, the Audits Branch does not express an opinion on the contractor's internal controls or contract compliance as a whole.



RICHARD C. KRUPP, Ph.D.
Assistant Secretary
Office of Audits and Compliance

June 21, 2007 (last date of field work)

EXECUTIVE SUMMARY

The PC, Section 4016.5, was enacted to reimburse cities and counties for costs incurred resulting from the detention of a State prisoner when the violation does not relate to a new criminal charge. Additionally, the enactment of Chapter 961, Statutes of 1984, allows the CDCR to make direct payment to counties for costs incurred in the Our Hold Only (OHO) program.

The OHO program provides for the temporary detention of parole violators in city and county jails while awaiting parole revocation hearings. The CDCR reimburses cities and counties for costs incurred in the detention of State parolees on behalf of the CDCR or the Board of Prison Hearings. These detention costs are incorporated into a DJR, derived from the counties' actual salaries and benefits (S&B), services and supplies (S&S), indirect costs, and routine medical costs incurred related to parolee detention. The current statutory maximum DJR is \$71.57 per parolee, per day, exclusive of non-routine medical care for FY 2006/07. Counties may separately recover actual non-routine medical costs from the CDCR through direct billings.

The LACSD is unique in that LACSD and CDCR agreed upon establishing a separate rate for the parolees housed in the LACSD Jail Hospital and a separate jail ward security rate for the parolees housed at the Los Angeles County Medical Center (LCMC). Each year LACSD submits the rate proposals for the DJR (maintenance rate), Jail Hospital Rate and the Jail Ward Security Rate. The two medical based rates are considered non-routine medical costs and are not subject to the statutory maximum DJR.

The Jail Hospital Rate represents only the costs of the jail hospital and does not include the costs of the jail facility. Therefore, CDCR adds the maintenance rate (DJR) to the established jail hospital rate for reimbursement.

The Jail Ward Security Rate represents the costs for the security of the parolees housed at the LCMC as inpatient and/or outpatient. The actual medical costs for LCMC are billed by Los Angeles County Health Department as non-routine medical.

SUMMARY OF FINDINGS

Below is the summary of the preliminary audit findings resulting in an overpayment of \$3,669,531.

	Preliminary Audit Findings	Amount
1	Jail Hospital Rate Overpayment	\$2,293,186
2	Prior Rate Estimate Adjustment – Jail Hospital FY 2004/05	1,151,136
3	Jail Ward Security Rate Overpayment	261,450
4	Prior Rate Estimate Adjustment – Jail Ward Security FY 2004/05	-82,095
5	LCMC Non-Routine Medical Over Billings	42,934
6	Jail Hospital Over Billings	2,920
	Total	\$3,669,531

Below is the summary of the final audit findings which is a result of LACSD's preliminary audit response and the Audits Branch's adjustments based on the audit response, resulting in an overpayment of \$3,723,187.

	Final Audit Findings	Amount
1	Jail Hospital Rate Overpayment	\$1,655,508
2	Prior Rate Estimate Adjustment – Jail Hospital FY 2004/05	882,756
3	Jail Ward Security Rate Overpayment	225,128
4	Prior Rate Estimate Adjustment – Jail Ward Security FY 2004/05	-84,729
5	LCMC Non-Routine Medical Over Billings	42,934
6	Jail Hospital Over Billings	2,920
	Adjustment of Mental Health Beds Billed (FY's 2004/05 – 2007/08)	998,670
	Total	\$3,723,187

FINDING 1: Jail Hospital Rate Overpayment

The LACSD was paid a jail hospital rate of \$901.66 for 4,870 bed days in the FY 2006/07. The audited rate is \$430.78. The difference of \$470.88 (\$901.66 – \$430.78) is an overpaid rate. The 4,870 bed days for FY 2006/07 multiplied by the overpaid rate of \$470.88 resulted in an overpayment of \$2,293,186.

LACSD'S RESPONSE:

1. Unallowable Salaries and Benefits: LACSD concurs with the finding that the number of Physician Specialists used in the calculation of the routine medical cost percentage was incorrect. LACSD also agrees with the finding that the Medical Services Bureau's (MSB) costs associated with Mira Loma Facility (ML) should have been deducted from the total MSB costs. However, they claim that no screening functions are performed at PJP, and that the Century Regional

Detention Facility (CRDF) staff in question was included in the 2006-07 study as part of the Twin Towers II Inmate Reception Center (IRC) staff.

THE AUDITS BRANCH'S COMMENTS:

1. Unallowable Salaries and Benefits:

PJP – The PJP facility houses the parolees that fall under the terms of Contract Number P96.0021 between CDCR and LACSD for the period of this review of FY 2004/05. All medical costs are included in the scope of this contract. Contract number P96.0021, A-4, page 8, states: "Medical Care – The County agrees to provide all required routine, non-routine and emergency medical care for State inmates housed at all Los Angeles County jail facilities, including Substance Abuse Treatment Control Units parolees, in the same manner as to County inmates and regardless of cost." Therefore, all medical costs (routine and non-routine) incurred at PJP would be inclusive under the terms of the Contract, and would not be included in the establishment of the jail hospital rate. (This Contract was terminated by LACSD January 2007.)

CRDF – Based upon the pay location reports three MSB positions were assigned to CRDF. These positions represent routine type medical services at CRDF, as none of the beds at CRDF are classified as medical beds. The Audits Branch was unable to verify that the three staff were included in the IRC staffing.

LACSD has not provided any supporting documentation in their dispute of this finding. No changes will be made to this section of the finding.

LACSD'S RESPONSE:

2. Unallowable S&S: LACSD claims that with regard to the "questionable" S&S, they find that the amounts are immaterial because the \$137,410 equates to only .745 percent of the total MSB S&S expenditure of \$18,431,596. LACSD will make this adjustment.

LACSD agrees with the \$223,760 adjustment to the MSB S&S, which was based on the corrected Physician Specialist costs. They also agree with the ML adjustment for S&S. LACSD does not agree with the S&S adjustment related to PJP and CRDF as noted in No. 1 Unallowable Salaries and Benefits.

THE AUDITS BRANCH'S COMMENTS:

2. Unallowable S&S:

Based on LACSD's partial agreement and the Audits Branch's comments for unallowable salaries and benefits, no changes will be made to this section of the finding.

LACSD'S RESPONSE:

3. Indirect Costs: LACSD states:

County-Wide Cost Allocation Plan (COWCAP): LACSD does not agree with the adjustment to the COWCAP for Insurance. A review of Exhibit A of the State-approved FY 2004/05 COWCAP will reveal that the Sheriff used the correct Insurance amount. In addition, the LACSD does not agree with the inclusion of the roll-forward. While the LACSD recognizes that the DJR manual instructs that the roll-forward is to be included, the calculation method used by the LACSD differs from the method used by other counties. LACSD has never utilized the roll-forward in making calculations. Using the roll-forward would require a recalculation because the roll-forward amount contains Use Allowance costs which may not be included in the calculations. Because this program has "longevity," including the roll-forward is not necessary. Indirect Cost calculations are self-correcting because actual costs will subsequently be determined in two to three years, and the Prior Rate Estimate Adjustment will be calculated. It should also be noted that the roll-forward amount of \$22,583,325 cited in the report is erroneous. The amount shown in the report should have come from the 2004-05 COWCAP, which indicates -\$10,944,724 to be the correct amount.

Department Overhead: Assuming the recovery amounts are accurate, the \$485,896 classified in the Report as S&B, was originally classified as S&S on a Sheriff's document and also on a schedule prepared by the Audits Branch. While the LACSD agrees with the basic theory presented, the LACSD believes the majority of these "recoveries" are actually Direct Costs included in the Sheriff's Indirect Cost Proposal (ICP). While Direct Cost recovery should not be excluded, the Indirect Cost recovery should be excluded. However, the Indirect Costs cannot be determined, and Indirect Costs would be immaterial in any case. The Audits Branch also observed that the "recoveries" noted were for FY 2004/05. The Sheriff based its Department Overhead rate on the Sheriff's FY 2004/05 ICP, which was based on actual expenditures for FY 2001/02. The FY 2004/05 "recoveries," if applicable, would be used to develop the Department's Overhead rate for the FY 2009/10 Medical Rates – not the FY 2006/07 Medical Rates.

Custody Overhead: The LACSD agrees with the theory presented but disagrees on making the adjustment based on the issues cited in the Department's Overhead section, above.

THE AUDITS BRANCH'S COMMENTS:

3. Indirect Costs:

COWCAP: In reviewing the State Controller's Office (SCO) "State" approved FY 2004/05 COWCAP; the Audits Branch agrees that the insurance amount was correct as submitted by LACSD. The Audits Branch also noted that the LACSD's Countywide Overhead worksheet did not reconcile with the State approved COWCAP, specifically the only line items that contained the correct amounts are: Outside Audit, Rental Expense, Utility Expense and Insurance.

Additionally, the Audits Branch agrees that the roll-forward amount was incorrect and it should have been -\$10,944,724. LACSD's argument as to the validity of the use of the roll-forward contains merit; however, to be in compliance with the DJR Manual the roll-forward must be included in the COWCAP calculation. The DJR Manual contains a provision that eligible participating jurisdictions may elect to carry forward a previously approved DJR as opposed to submitting the annual cost proposal; therefore, the inclusion of the roll forward in the COWCAP is essential in order to fully comply with the parameters of the Local Assistance Program's rate development as the "continuity" and "longevity" of the jurisdiction's participation would be impacted. Pursuant to the Negotiation Agreement of the COWCAP between the SCO and the County of Los Angeles, the indirect overhead and support service costs are formally approved as actual costs for the FY 2001/02 and as estimated costs for the FY 2004/05 on a "fixed with carry-forward" basis. It should be noted that the carry-forward basis is the same as the roll-forward. The COWCAP is the indirect costs calculated each year by the LACSD. The COWCAP includes a roll-forward amount. The roll-forward represents the difference between actual costs of the current period, compared to the estimated costs of the same period which were used in a previous year's COWCAP calculation. A negative roll-forward is created when the estimated costs used are greater than the actual costs.

For future rate proposals LACSD can provide a detail of the amounts to prove the unallowable amounts included in the roll-forward line item and offset those amounts accordingly.

The adjusted COWCAP rate for the audit is -2.521 percent (See Attachment 5A, Final Countywide Overhead). This amount will be used in the rate calculation.

Department Overhead: The Audits Branch agrees that there was an error in the classification of the salaries and employee benefits (S&EB) and S&S,

adjustments will be made accordingly. The Audits Branch further agrees the recovery amounts were for the wrong FY (2004/05) and should actually be the recovery amounts for FY 2001/02 as the overhead is determined by using the FY 2001/02 costs. LACSD informed the Audits Branch the FY 2001/02 records have been destroyed which is out of compliance with the DJR Manual in that all source documentation utilized in the rate development are subject to audit, and are to be retained until final audit resolution. LACSD was able to provide the FY ICP for FY 2004/05 (work papers) overhead rate calculation; however, LACSD was unable to provide the caps reports for FY 2001/02 (source documents for the ICP). Per the DJR Manual all related documents or records must be retained by the county for a period of three years after the termination of the FY for which the annual jail rate applies or until all questions arising from an audit completed by the State are resolved. Due to the fact that the records are unavailable or destroyed for the calculation of the department overhead the recoveries will not be applied; however, in subsequent rate proposals, in accordance with the DJR Manual, the County is required to include the applicable revenues/recoveries in the rate development to offset allowable indirect detention costs.

The Audits Branch will accept the submitted department overhead of 11.158 percent to be used in the rate calculation.

Custody Overhead: Based upon the department overhead discussion above the Audits Branch will accept the submitted custody overhead of 16.829 percent to be used in the rate calculation.

LACSD'S RESPONSE:

4. Offsetting Reimbursements: LACSD agrees that the MSB reimbursements should be offset. LACSD states in part: ". . . using the percentage allocation is not necessary: Simply reducing the total MSB cost by the amount of the reimbursement and then applying the IRC-driven routine medical cost percentage would yield the appropriate result."

THE AUDITS BRANCH'S COMMENTS:

4. Offsetting Reimbursements:

The computation schedule is designed to reduce the total allowable expenditures by offsetting reimbursements. Therefore, the percentage allocation must be applied to the total offsetting reimbursements prior to applying them to the total expenditures. As the rates included in the scope of this audit do not include any unallowable direct costs, the method that LACSD is proposing would have the same effect. Therefore, no changes will be made to this section of the finding.

LACSD'S RESPONSE:

5. Two-Year Cost Estimate Adjustment: LACSD states: "We disagree that the adjustment was overstated, and we disagree that it was not based on data spanning a two year time period. The 32.94 percent increase represents the difference between Custody Division's actual costs for FY 2004-05 and Custody Division's expense budget for 2005-06. This one-year increase was then multiplied by two, and the product represented the two-year percentage increase. This method followed the example presented in the DJR manual. For validation, we subsequently calculated the percentage using actual MSB cost data for 2004-05 and for 2005-06. The two-year percentage using actual cost was 36.57 percent, which of course was higher than the projected increase based upon the budgeted costs. Finally, after obtaining actual cost data for 2006-07, we re-calculated the two-year adjustment factor to be 43.80 percent using actual MSB cost data for 2004-05 and for 2006-07. The adjustment factor we originally calculated in 2006-07 was actually 11 percentage points understated."

THE AUDITS BRANCH'S COMMENTS:

5. Two-Year Cost Estimate Adjustment:

The DJR Manual instructs the preparers to use the same types of costs used to calculate the rate in order to avoid excessive retroactive rate adjustments. The DJR Manual has proposed formulas using FYs that the Audits Branch did not audit; therefore, the Audits Branch determined that using the total allowable costs from the computation schedule would result in the most accurate adjustment.

Using the actual MSB cost data for FYs 2004/05 and 2005/06 yields a two-year percentage that is reasonable and reflective of the jail hospital costs. The Audits Branch is willing to accept the proposed two-year cost estimate rate of 36.57 percent. This portion of the finding will be changed to reflect to the agreed to estimate.

LACSD'S RESPONSE:

6. Average Daily Population (ADP) and Two-Year Population Estimate Adjustment: LACSD states: "As reported by MSB, a total of 137,313 medical bed days were consumed during the 2004-05. Per the MSB report, a 99 percent occupancy rate was maintained. The number of bed days recorded during the 2004-05 was 27 percent greater than recorded during the prior year. With an occupancy rate of 99 percent, it was inappropriate to assume that a significantly higher number of beds could be filled, so a variance factor of 1 percent is reasonable.

We agree that the total bed count used in the calculation of the jail hospital rate of 438.94 beds is more than LACSD has in operation exclusively for medical

treatment. However, we believe the proposed count of 376 is understated. The discrepancy between the numbers is associated with the inclusion of Mental Health (MH) beds. The State should not have been charged for mental health beds. As a result, LACSD has reviewed the 2006-07 charges and has identified \$250,120.11 of that should be reimbursed to the state. It is recommended that the LACSD reimburse only \$250,120 instead of \$2,293,186 reflected in your report. Additionally, from this point forward, the mental health beds should be removed from the jail hospital rate calculation.”

Additional information received from LACSD: LACSD stated: “Based on the attached, perhaps a bed count within the range of 377 to 385 is reasonable. Somehow our agencies should come to an agreeable method for factoring MH beds which may periodically be served by MSB.”

LACSD provided the number of MH Beds Billed for the following FYs:

Fiscal Year	Billed Days	Rate	Total
2004/05	451	\$649.43	\$292,892.93
2005/06	126	685.21	86,336.46
2006/07	246	901.66	221,808.36
2007/08	441	901.66	397,632.06
Total			\$998,669.81

THE AUDITS BRANCH’S COMMENTS:

6. ADP and Two-Year Population Estimate Adjustment:

ADP: The LACSD’s argument regarding the occupancy rate has no bearing on the ADP calculation. LACSD provided additional information regarding the ADP. In this information they proposed a bed count within the range of 377 to 385. The ADP is determined by the actual number of inmates occupying the jail hospital beds, not a range or occupancy level but rather a statistic.

The Audits Branch agrees with LACSD’s proposal to reduce the ADP by the MH beds (TTCFM342). The new ADP without the MH beds used in the final audited Jail Hospital rate is 402.21. The rate calculation will be adjusted for this portion of the finding.

The method in factoring the MH beds which may be periodically served by MSB should be accounted for in the daily medical bed statistics (ADP). Therefore, in future proposals the actual ADP statistics would be captured appropriately.

Also, the Audits Branch agrees with recovering the billed costs of those MH beds in the amount of \$221,808.36 (246 bed days @ \$901.66 per day) for FY 2006/07. CDCR is still required to reimburse LACSD for the maintenance rate of \$71.57

per day. Additionally, adjustments to the billings for FYs 2004/05, 2005/06, and 2007/08 are contained in the following table below.

Fiscal Year	Bed Days	Hospital Rate	Total
2004/05	451	\$708.43	\$292,892.93
2005/06	126	685.21	86,336.46
2006/07	246	901.66	221,808.36
2007/08	441	901.66	397,632.06
Total			\$998,669.81

The total reimbursement for the MH beds is **\$998,670**. CDCR should only be billed the maintenance for the MH beds used in the future. This adjustment for the MH beds will be applied to the overpayment in this audit report.

Two-year Population Estimate Adjustment: The two-year population estimate adjustment will be adjusted based on the above change in the ADP. The Audits Branch reduced the ADP calculations for FYs 2006/07 and 2005/06 by the MH beds occupied in those FYs. During FY 2006/07 LACSD changed the daily inmate statistics (count sheets) in that the medical services and MH hospital beds were combined into one number each for the females and the males. Therefore, the Audits Branch was unable to determine the ADP for the jail hospital and the MH beds for the entire FY. The Audits Branch was able to capture the first six months of FY 2006/07. The two-year population estimate will be based on the entire FY of 2005/06 and six months of the FY 2006/07. The final audited two-year population estimate is as follows: FY 2006/07 ADP (6 months) of 563.74 minus FY 2005/06 ADP of 506.49 divided by FY 2005/06 times 2 equals an increase of 32.67 percent.

Final Audited Jail Hospital Rate:

The LACSD was paid a jail hospital rate of \$901.66 for 4,870 bed days in the FY 2006/07. The audited rate is \$561.72. (See Attachment 1A, Final Audited Jail Hospital Rate and Attachment 2A, Final Cost Summary) The difference of \$339.94 (\$901.66 – \$561.72) is an overpaid rate. The 4,870 bed days for FY 2006/07 multiplied by the overpaid rate of \$339.94 resulted in an overpayment of **\$1,655,508**.

FINDING 2: Prior Rate Estimate Adjustment – Jail Hospital Rate

The LACSD was paid based on an approved jail hospital rate of \$708.43 for 5,424 bed days in the FY 2004/05. The audited corrected jail hospital rate is \$496.20. The difference of \$212.23 (\$708.43 - \$496.20) results in an overpayment of \$1,151,136 (5,424 x \$212.23).

LACSD'S RESPONSE:

Based on the agreed to changes noted in Finding 1, it is recommended that an adjusted overpayment is calculated for the Prior Rate Estimate Adjustment.

Employing the changes noted in Finding 1 to which LACSD concurs, we recommend that the Prior Rate Estimate Adjustment overpayment be re-calculated accordingly.

THE AUDITS BRANCH'S COMMENTS:

Based on the final audit as discussed in Finding 1, the following adjustments are: The final audited corrected jail hospital rate is \$545.68. (See Attachment 1A, Final Audited Jail Hospital Rate) The difference of \$162.75 (\$708.43 - \$545.68) results in an overpayment of **\$882,756** (5,424 x \$162.75).

FINDING 3: Jail Ward Security Rate Overpayment

The LACSD was paid a jail ward security rate of \$797.90 for 658 bed days in the FY 2006/07. The audited rate is \$400.56. The difference of \$397.34 (\$797.90 - \$400.56) is an overpaid rate. The 658 bed days for FY 2006/07 multiplied by the overpaid rate of \$397.34 resulted in an overpayment of \$261,450.

LACSD'S RESPONSE:

1. Unallowable S&B:

Salaries: Presuming four months of cost data is statistically sufficient to forecast the average staffing and salary levels for the entire year, the difference between the Submitted Total Cost and the Audited Total Cost is insignificant. The \$68,000 in overstated salaries is only 2.6 percent of the total estimate for LCMC. Overtime cost is the more substantial issue regarding the LCMC salary costs. The estimated \$623,000 overstatement is significant and should be used to adjust the allowable salary costs. Again, we must presume that four months of overtime data is statistically sufficient to forecast the annual costs. The other "Additional Salary" costs adjustments are immaterial, but we will adjust the FY 2006-07 costs according to the revised overtime cost forecast.

Benefits: It is faulty to presume that the estimated benefit rate for TTCF employees would be more accurate than the estimated benefit rate for the entire Department because both rates are estimates. Moreover, the difference between the two rate estimates is insignificant. Accordingly, we will continue to use the same rate for all employee benefit cost calculations.

THE AUDITS BRANCH'S COMMENTS:

1. Unallowable S&B:

Salaries: It is inappropriate to assume that the total Twin Towers overtime can be reasonably allocated to the positions assigned to LCMC. Therefore, four months of data was sufficient to forecast the allocable overtime usage at LCMC.

The Audits Branch calculated the overtime by extracting the actual overtime hours for each of the positions working at LCMC for the four months used in determining the LCMC salaries. The overtime rate was based on the salary rate for each of the positions at time and a half. Note: the LACSD's submitted proposal's overtime rate was calculated using the Auditor/Controller's cost model which was less than the actual rate determined by the Audits Branch.

Benefits: The Audits Branch determined that the benefit rate of 42.975 percent for the entire Sheriff's department used by LACSD in the rate calculation included benefits that were not applicable to the staff working at LCMC. Therefore, using the benefit rate for Twin Towers would result in the most accurate employee benefit rate of 41.342 percent.

No changes will be made to this portion of the finding.

LACSD'S RESPONSE:

2. Unallowable S&S: LACSD agrees that the \$57,679 attributed to the staff at LCMC may not have been appropriate. Our intent for allocating these costs was not to determine the direct costs for inmate support, but to determine the cost attributable to supporting the staff at LCMC. Future S&S cost allocations for Twin Towers will be adjusted to exclude any facilities related costs.

THE AUDITS BRANCH'S COMMENTS:

2. Unallowable S&S: No change to the audit finding for this portion based on LACSD's agreement.

LACSD'S RESPONSE:

3. Indirect Costs: Based on the reasons noted in Finding 1, no changes are required.

THE AUDITS BRANCH'S COMMENTS:

3. Indirect Costs: See Finding 1.

LACSD'S RESPONSE:

4. Two-Year Cost Estimate Adjustment: LACSD states: "These adjustments vary depending upon whether budgeted or actual data is used in the calculation. As noted above, the estimated increase for MSB was 11 percent less than the actual increase. To provide consistent treatment of security-related cost increases or decreases, we believe the 32.94 percent originally proposed is sufficiently accurate to avoid substantive variances between estimated and actual cost increases, and we assert that it is used appropriately to calculate the 2006-07 Jail Ward Security costs."

THE AUDITS BRANCH'S COMMENTS:

4. Two-Year Cost Estimate Adjustment: The DJR Manual instructs the preparers to use the same types of costs used to calculate the rate in order to avoid excessive retroactive adjustments. The DJR manual has proposed formulas using FYs that the Audits Branch did not audit; therefore, Audits Branch determined that using the total allowable costs from the computation schedule would result in the most accurate adjustment.

The Audits Branch determined that the most accurate cost estimate for the jail ward security rate would be using the actual costs incurred for Twin Towers. The Audits Branch obtained the S&EB and S&S costs for FY's 2004/05 and 2005/06 for the Twin Towers facility. Note: all of the costs incurred for the jail ward security rate are S&EB costs for Twin Towers. The formula used to calculate the final audited two-year cost estimate adjustment is: FY 2005/06 actual costs less FY 2004/05 actual costs divided by FY 2004/05 actual costs times two.

TT	FY 2004/05	FY 2005/06	Cost Estimate
S&EB	\$73,836,826	\$73,187,661	
S&S	5,435,089	5,942,168	
S&S Prior Year (PY)		1,456	
Total	\$79,271,915	\$79,131,285	-0.36%

The final audited two-year cost estimate adjustment is -0.36 percent, this percentage will be applied in the rate calculation

LACSD'S RESPONSE:

5. Two-Year Population Estimate Adjustment: LACSD states: "The LCMC ADP ranges between 32 and 40 inmates. It is unreasonable to presume a significant variance upward or downward from this range, and in any case, applying a percentage to an imagined variance is of questionable value. It is similarly unreasonable to suggest that a significant increase in accuracy might be achieved by using a formula that adjusts the stated rate of -8.57 percent to

-7.81 percent. It should be noted that the calculations made by the Audits Branch used data that was not available when the original rate was calculated. The Jail Ward rate forecast was calculated in March 2006, but the actual ADP for FY 2006/07 would not be available until July 2007. Note: also that the Audits Branch method yielded 10,714 prisoner days. According to the Audits Branch formula, there were 9,881 (27.01 x 365) actual days, where as the Sheriff's estimate was 35 days closer to the actual number (10,714 – 10,679). Accordingly, we disagree with any proposed changes to estimated percentage.”

THE AUDITS BRANCH’S COMMENTS:

5. Two-Year Population Estimate Adjustment: In the Preliminary Audit Report the Audits Branch erroneously excluded the fact that LACSD reported a one-year estimate by using FYs 2004/05 and 2003/04 ADP statistics. The DJR Manual guidelines require a two-year estimate with proposed formulas using FYs 2004/05 and 2002/03 ADP statistics. The population estimate of -8.57 percent in the proposal should have been multiplied by two. Therefore, the submitted percentage was understated and the estimate should have been -17.14 percent. However, the Branch Audits determined that as FYs 2006/07 and 2005/06 statistics were available that these FYs should be used for the calculation in order to yield the more accurate estimate of -7.81 percent. No change will be made to this portion of the finding.

Final Audited Jail Ward Security Rate:

The LACSD was paid a jail ward security rate of \$797.90 for 658 bed days in the FY 2006/07. The audited rate is \$455.76. (See Attachment 3A, Final Audited Jail Ward Security Rate and Attachment 4A, Final Cost Summary) The difference of \$342.14 (\$797.90 – \$455.76) is an overpaid rate. The 658 bed days for FY 2006/07 multiplied by the overpaid rate of \$342.14 resulted in an overpayment of **\$225,128**.

FINDING 4: Prior Rate Estimate Adjustment – Jail Ward Security Rate

The LACSD was paid based on an approved jail ward security rate of \$307.46 for 742 bed days in the FY 2004/05. The audited corrected jail ward security rate is \$418.10. The difference of \$110.64 (\$307.46 - \$418.10) results in an underpayment of \$82,095 (742 x \$110.64).

LACSD’S RESPONSE:

Based upon the changes noted in Finding 3 to which the Sheriff agrees, it is recommended that the overpayment for the Prior Rate Estimate Adjustment is recalculated.

THE AUDITS BRANCH'S COMMENTS:

Based on the final audit as discussed in Finding 3 the following adjustments are: The final audited corrected jail ward security rate is \$421.65. (See Attachment 3A, Final Audited Jail Ward Security Rate) The difference of \$114.19 (\$307.46 - \$421.65) results in an underpayment of **\$84,729** (742 x \$114.19).

FINDING 5: LCMC Non-Routine Medical Over Billings

The Los Angeles County Health Department (LACHD) over billed CDCR \$42,934 for the LCMC non-routine medical billings.

LACSD'S RESPONSE:

The Los Angeles County Department of Health Services agrees with the finding of \$42,934.

THE AUDITS BRANCH'S COMMENTS:

Based on LACSD's agreement with this finding no changes will be made.

FINDING 6: Jail Hospital Over Billings

The LACSD over billed CDCR for jail hospital rate billings for a total of \$ 2,920.

LACSD'S RESPONSE:

No response received from LACSD for this finding.

THE AUDITS BRANCH'S COMMENTS:

No change will be made to this finding.

BACKGROUND AND INTRODUCTION

The Audits Branch conducted a desk review of the DJR yearly. The LACSD submits an aggregated DJR for male and female prisoners housed in each of the facilities. The reason for the aggregated DJR is due to the constant movement of inmates between the facilities.

The DJR Cost Proposals are prepared by the Los Angeles County Auditor/Controller (LACAC). LACSD submits a separate rate for the Jail Hospital and Jail Ward Security, which are not subject to the cap imposed by the Legislature. These rates represent a portion of the non-routine medical costs for LACSD. Once the Jail Hospital rate is established, it must be combined with the established rate of \$71.57 for both the male and female prisoners to equal a final reimbursable rate. According to CDCR staff the separate rates for the Jail Hospital and Jail Ward Security were established to avoid a spike in the rate for non-routine medical costs.

SCOPE

The Audits Branch performed a fiscal and compliance audit of the LACSD for the period of July 1, 2006 through December 31, 2006. The Audits Branch conducted the audit to determine whether the FY 2006/07 DJR Proposal submitted by LACSD is accurate and/or appropriate which is based on FY 2004/05 actual costs plus the estimated two-year projected cost and population increases/decreases.

The LACAC compiles information provided by the LACSD MSB and the LACSD Financial Services Bureau (FSB) to compute the Jail Hospital Rate for FY 2006/07 by using the actual costs incurred for FY 2004/05 for the LACSD jail hospital. The Jail Hospital Rate is comprised of Direct Costs (S&B and S&S), Indirect Costs, less Offsetting Reimbursements and an estimated two year increase or decrease for projected costs and projected population divided by the ADP of the inmates housed in the jail hospital. The Jail Ward Security Rate is comprised of Direct Costs (S&B and S&S), Indirect Costs and an estimated two year increase or decrease for projected costs and projected population divided by the ADP of the inmates housed at the LCMC.

The Audits Branch reviewed the rate computations submitted for the Jail Hospital and Jail Ward Security and the billings submitted to the CDCR for payment of participant days. This review revealed exceptions in the FY 2006/07 rates. Areas of review included Medical Services, S&B, S&S, Offsetting Reimbursements and ADP; LCMC Custody staff S&B, S&S, and ADP; LACSD indirect costs; the OHO billings, and the LCMC non-routine medical billings.

METHODOLOGY

The Audits Branch reviewed relevant laws, rules, and regulations; various LACSD policies and procedure manuals; prior audits of DJRs; the DJR Manual; and other background information. The Audits Branch also interviewed various staff from the LACSD.

To understand the development of the DJR, the Audits Branch obtained the County Audited Financial Report; the COWCAP Report, issued by the County, and approved by the SCO. Additionally, various financial reports and documents supporting the preparation and issuance of the DJR packages were reviewed, along with the LACSD's budget and accounting records and procedures. The Audits Branch identified the costs included in the LACSD's DJR calculations and determined whether these costs were appropriate.

FINDINGS AND RECOMMENDATIONS

The LACSD DJR for the Jail Hospital and the Jail Ward Security are computed by dividing the total Allowable Direct and Indirect Costs by the actual inmate days. Below is the summary of finding resulting in an overpayment of \$3,669,531.

	Finding	Amount
1	Jail Hospital Rate Overpayment	\$2,293,186
2	Prior Rate Estimate Adjustment – Jail Hospital FY 2004/05	1,151,136
3	Jail Ward Security Rate Overpayment	261,450
4	Prior Rate Estimate Adjustment – Jail Ward Security FY 2004/05	-82,095
5	LCMC Non-Routine Medical Over Billings	42,934
6	Jail Hospital Over Billings	2,920
	Total	\$3,669,531

FINDING 1: Jail Hospital Rate Overpayment

The LACSD was paid a jail hospital rate of \$901.66 for 4,870 bed days in the FY 2006/07. The audited rate is \$430.78. The difference of \$470.88 (\$901.66 – \$430.78) is an overpaid rate. The 4,870 bed days for FY 2006/07 multiplied by the overpaid rate of \$470.88 resulted in an overpayment of \$2,293,186.

The rate reduction is reflected on Schedule 1 and is a result of the following adjustments:

Unallowable S&B (Schedule 1, Line 2):

The audited S&EB to be used in the calculation of the jail hospital rate is \$53,879,666. The jail hospital rate proposal of \$61,982,656 was overstated by \$8,102,990.

The jail hospital costs consist of non-routine medical expenses only. The total medical costs included in the MSB S&EB of \$75,849,387 includes unallowable routine costs. These routine costs must be removed from the MSB costs to arrive at the allowable jail hospital costs (adjustments #1 and #2 below). In addition, adjustment #3 reduces costs' from the MSB that do not belong to CDCR inmates/parolees.

The following three adjustments were made to the total MSB S&EB (\$75,849,387):

1. LACSD understated the IRC/medical screening staff's S&EB or routine medical costs were due to an error in their calculations of the Physician Specialist positions (0.5 instead of 5.0). The MSB provided the LACAC, who prepares the rate calculation, with the IRC staffing figures. The MSB indicated that there were 5.0 Physician Specialist positions but the LACAC indicated in the IRC staffing that there were only 0.5 Physician Specialist positions. Therefore the IRC S&EB calculation was understated creating an error in the percentage used to reduce the routine medical cost adjustment. LACSD reduced the MSB S&EB by 18.282 percent for routine medical costs (13,866,731).

Based on the error, the correct or audited percentage is 19.496 percent a difference of 1.214 percent for an additional adjustment of \$920,812. The adjustment for IRC is \$14,787,543 (\$13,866,731 + \$920,812).

2. LACSD failed to allocate additional routine medical costs for Peter J. Pitchess Detention Center (PJP) and CRDF. The Audits Branch determined that PJP's S&EB is 7.736 percent and CRDF's S&EB is 0.314 percent of the total MSB's S&EB. The allocation for PJP and CRDF was calculated by using the pay location reports for each of the MSB pay locations (Medical Services, PJP, CRDF, and ML). The total MSB's S&EB is reduced by 8.050 percent (7.736+0.314) for the PJP and CRDF routine medical costs. The adjustment for PJP and CRDF is \$6,105,876.

3. The Audits Branch determined that MSB's S&EB included medical costs for ML which houses federal inmates only. LACSD failed to deduct the S&EB for ML of 1.419 percent of the total MSB's S&EB which is disallowed. The allocation for ML was calculated by using the pay location reports for each of the MSB pay locations (Medical Services, PJP, CRDF, and ML). The amount disallowed for ML is \$1,076,303.

MSB S&EB	Audited		Submitted		Difference	
Total MSB's S&EB from caps report		\$75,849,387		\$75,849,387		
1. Less Routine Medical (IRC)	19.496%	-14,787,543	18.282%	-13,866,731	1.214%	\$ 920,812
2. Less Routine Medical (PJP & CRDF)	8.050%	-6,105,876			8.050%	6,105,876
3. Less Disallowed (ML)	1.419%	-1,076,303			1.419%	1,076,303
Total Audited S&EB	28.965%	\$53,879,666		\$61,982,656		\$8,102,990

The above amounts for routine medical costs (IRC) differ slightly from the calculated amount because it is a result of multiplying by a percentage that is not truncated.

The Audited S&EB to be used in the calculation of the Audited Jail Hospital Rate is \$53,879,666.

Unallowable S&S (Schedule 1, Line 3):

The audited S&S used in the calculation of the jail hospital is \$12,955,488. The jail hospital rate proposal is \$15,061,945. The difference of \$2,106,457 is an over statement.

The following four adjustments were made to the total MSB's S&S (\$18,431,596):

1. During the testing of the MSB's S&S, the Audits Branch determined that \$137,410 is questionable. This included: missing invoice of \$15,894; equipment purchase exceeding capitalization policy of \$12,169; and advertising costs of \$109,347. The total amount questioned is \$137,410.

2. Based on the allocation percentage for IRC S&EB (as noted above in S&EB) the same adjustments will be applied to the MSB's S&S. The LACSD reduced the MSB's

S&EB by 18.282 percent or \$3,369,651, whereas the audited adjustment is 19.496 percent or \$3,593,411 resulting in a difference of 1.214 percent (\$223,760).

3. Based on the additional allocation percentages for routine medical costs for PJP and CRDF (as noted above in S&EB), the same adjustments will be applied to the MSB's S&S. The MSB's S&S will be reduced by 8.050 percent for the routine S&S medical costs associated with PJP is 7.736 percent and CRDF is 0.314 percent. The adjustment for PJP and CRDF is \$1,483,743.

4. Based on the allocation of the routine medical costs for ML (as noted above in S&EB), the same disallowance will be applied to the MSB S&S. The MSB S&S will be reduced by 1.419 percent for the routine S&S medical costs associated with ML. The total amount questioned is \$261,544.

MSB S&S	Audited		Submitted		Difference	
Total MSB's S&S		\$18,431,596		\$18,431,596		
1. Less Audit Disallowance		-137,410				\$ 137,410
2. Less Routine Medical (IRC)	19.496%	-3,593,411	18.282%	-3,369,651	1.214%	223,760
3. Less Routine Medical (PJP&CRDF)	8.050%	-1,483,743			8.050%	1,483,743
4. Less Disallowed (ML)	1.419%	-261,544			1.419%	261,544
Total Audited S&EB	28.965%	\$12,955,488		\$15,061,945	28.965%	\$2,106,457

The above amounts for routine medical costs (IRC) differ slightly from the calculated amount because it is a result of multiplying by a percentage that is not truncated.

The Audited S&S to be used in the calculation of the Audited Jail Hospital Rate is \$12,955,488.

Indirect Costs (Schedule 1, Line 21):

The audited Indirect or Overhead (OH) Rate is 24.329 percent multiplied by the allowable S&EB of \$53,879,666 yields allowable indirect cost of \$13,108,384. This is \$3,181,589 less than the reported \$16,289,973 which was a result of their 26.282 percent OH rate multiplied by S&EB of \$61,982,656. The S&EB were reduced \$8,102,990 (\$61,982,656 – \$53,879,666) as a result of questioned S&EB costs as detailed under unallowable salaries (wages) and benefits.

The audited indirect rate of 24.329 percent consists of three different indirect rates: -3.371 percent for COWCAP; 11.079 percent for Departmental OH; and 16.621 percent for Custody OH. The audited and the submitted OH rates are summarized as follows:

	Submitted	Audited
COWCAP	-1.705%	-3.371%
Departmental OH	11.158%	11.079%
Custody OH	16.829%	16.621%
Total	26.282%	24.329%

The reasons for the adjustments in the OH rates are:

COWCAP: Two adjustments were made to the COWCAP. 1. The insurance amount of -\$14,957,068 used in the calculation was carried forward incorrectly. The actual amount of -\$14,983,791 resulted in a negative understatement of -\$26,723 which reduces the allowable overhead. 2. The LACSD improperly excluded the roll-forward amount of -\$22,583,325 which results in a negative understatement and reduces the allowable overhead. The DJR manual states the indirect costs are to include the roll forward amount from the COWCAP. In addition, the SCO reviews and approves the COWCAP rate and the approval letter from SCO specifically states that the roll-forward is to be included in this rate.

Departmental Overhead: The LACSD's calculation excluded the recoveries. The Audits Branch allocated each recovery to Department, Custody, Facility Operations Divisions (FOD)/Detective (Det)/Custody Services Divisions (CSD), or Court Admin in the same way the expenses for the same accounts were allocated in LACSD's Indirect Cost Proposal (ICP). The Audits Branch found seventeen recovery line items and they were applied as follows: S&EB of \$485,896 and S&S of \$348,801.

Custody Overhead: The LACSD's calculation excluded the recoveries. The Audits Branch allocated each recovery to Department, Custody, FOD/Det/CSD, or Court Admin in the same way the expenses for the same accounts were allocated in LACSD's Indirect Cost Proposal (ICP). The Audits Branch found seventeen recovery line items and they were applied as follows: S&EB of \$59,322 and S&S of \$43,510.

The chart below reflects the Overhead rate adjustments:

Indirect Cost	Audited		Submitted		Difference	
Countywide Overhead	-3.371%	-\$1,816,283	-1.705%	-\$1,057,111	-1.666%	\$759,172
Department Overhead	11.079%	5,969,328	11.158%	6,915,856	-.079%	946,528
Custody Overhead	16.621%	8,955,339	16.829%	10,431,228	-.208%	1,475,889
Total Audited Indirect Costs	24.329%	\$13,108,384	26.282%	\$16,289,973	-1.953%	\$3,181,589

Offsetting Reimbursements (Schedule 1, Line 31):

The LACSD failed to offset the MSB costs for intrafund transfers received from other county departments and revenues received for services provided by MSB. MSB received intrafund transfers from Department of MH of \$60,000 and from Department of Health Services of \$12,900 for services provided by the MSB staff. MSB received revenue for Other Service Charges-Account 9461 of \$555,216 that was provided within the county jail system. The total reimbursements of \$628,116 will be reduced by the same percentage the allowable costs were reduced for routine medical and disallowed ML costs (noted above in S&EB). The allocation percentage of 28.965 percent (IRC-19.496 percent, PJP-7.736 percent, CRDF-0.314 percent, and ML-1.419 percent)

applies to the unallowable costs and will be deducted from the total reimbursements in the amount of \$181,934 (\$628,116 x 28.965 percent).

The Audited Offsetting Reimbursements to be used in the calculation of the Audited Jail Hospital Rate is \$446,182 (\$628,116 – \$181,934).

Two-Year Cost Estimate Adjustment (Schedule 1, Line 34):

The Two-Year Cost Estimate Adjustment for the jail hospital to be used in the calculation of the jail hospital rate is an increase of 1.21 percent. The jail hospital rate proposal increase of 32.94 percent was overstated by 31.73 percent.

The LACSD proposal calculation of the estimated two-year cost increase was based on the S&EB and S&S of the FY 2004/05 Custody budget. This calculation was applied to all DJR rate proposals for FY 2006/07. The Audits Branch determined that the costs used in the DJR proposal were not the most accurate for each of the cost estimates. Additionally, the proposal included a one-year estimate as opposed to the required two-year estimate. The Audits Branch determined that in order to apply consistent costs for the FYs, the submitted allowable costs, as opposed to the audited FY 2006/07 and desk reviewed FY 2005/06 costs should be applied.

The following formula was applied as follows: FY 2006/07 costs less FY 2005/06 costs, divided by FY 2005/06 costs, multiplied by two. The two-year cost estimate is as follows:

FY 2006/07 Submitted Allowable Costs (Line 32 DJR Proposal)	\$93,334,574	
Less FY 2005/06 Submitted Allowable Costs (Line 32 Approved DJR)	<u>92,772,578</u>	
Difference	561,996	
Divided by FY 2005/06 Submitted Allowable Costs	\$92,772,578	= 0.605%
Multiplied by	<u>X 2</u>	
New Cost Estimate (above formula applied)	1.21%	

The Audits Branch used the most current FY data, as opposed to the proposed FYs in the DJR Manual, in order to calculate a more conservative estimate that would avoid an overstated FY 2006/07 projected jail hospital rate. The Estimated Two-Year Percent Cost Increase to be used in the jail hospital rate calculation is 1.21 percent.

ADP (Schedule 1, Line 37):

The ADP for the jail hospital that is to be used in the calculation of the jail hospital rate is 438.94. The jail hospital rate proposal of 376 was understated by 62.94.

The Audits Branch determined that the MSB hospital operating costs covered more beds than the beds used for the reported ADP of 376 in calculating the rate. The LACSD reported ADP used only the beds that LACSD billed to CDCR when in fact the operating costs reported included additional beds. The Audits Branch obtained copies

of the daily inmate count sheets from the LACSD timekeeper for FYs 2003/04 through 2006/07 (May 7, 2007 last day recorded). The hospital beds include: Twin Towers Correctional Facility (TTCF M3) and MSB (Units 322, 331, 332, and 342), and Men's County Jail Clinic.

The Audits Branch determined that the total beds for FY 2004/05 was 159,334 divided by 363 days (2 count sheets missing) for an audited total ADP of 438.94 to be used in the jail hospital rate calculation.

Two-Year Population Estimate Adjustment (Schedule 1, Line 40):

The two-year population estimate adjustment for the jail hospital to be used in the calculation of the jail hospital rate is an increase of 16.58 percent. The jail hospital rate proposal of 16.31 percent is understated by .27 percent.

The LACSD proposal's calculated the estimated two-year percent population increase by using the FY 2004/05 reported ADP less the FY 2003/04 reported ADP divided by FY 2003/04 ADP resulting in an estimated increase of .27 percent.

The DJR Manual requires that the method used must be reasonable and carefully calculated in order to avoid material fluctuations in the DJRs from year to year. The manual provides two proposed formulas. The manual recommends using the more conservative estimate that best reflects the ADP trend in the facility in order to avoid large fluctuations in the rate paid. The Audits Branch determined that using the one-year current year method provided the most recent data. The Audits Branch calculated the estimate by using the Audited ADP as follows: FY 2006/07 ADP of 589.24 minus FY 2005/06 ADP of 544.13 divided by FY 2005/06 times 2 equals an increase of 16.58 percent.

The two-year population estimated increase adjustment to be used in the calculation of the jail hospital rate is 16.58 percent.

Audited DJR (Schedule 1, Line 42):

The Audits Branch prepared the audited jail hospital rate by applying the adjustments to the reported amounts. The adjustments included the above listed areas. The audited jail hospital rate of \$430.78 will be applied to the FY 2006/07 billings. The LACSD billed CDCR for 4,870 bed days at a rate of \$901.66 plus the maintenance rate of \$71.57 (the audit did not affect the maintenance rate). The LACSD was overpaid at the rate of \$470.88 (\$901.66 – \$430.78) for a total overpayment of \$2,293,186 (\$470.88 x 4,870).

CRITERIA:

DJR Manual for FY 2006/07, states in part: "The Fiscal Year (FY) 2006/07 Daily Jail Rate (DJR) reimbursement criteria will be established in the Budget Act of 2006....The DJR Manual provides critical guidelines and procedures for calculating the DJR..."

DJR Manual:

Annual DJR Proposal, page 4, states: "The proposed DJR for FY 2006/07 is based on actual costs and the Average Daily Population (ADP) established for FY 2004/05."

Unallowable Costs, pages 9 and 10, states: "The activity produces benefits for jail programs, but not State inmates housed in the city/county facility. The activity is undertaken for the benefit of the entire city or county, or for the general public. The activity is a general function required to carry out the overall responsibilities of local government. Some examples of the above are: advertising..." "Unallowable Costs: Equipment that meets or exceeds the county or city's capitalization policy."

Indirect Costs, page 12, states in part: "Indirect costs (or overhead) are those costs incurred for a common or joint purpose, benefiting more than one program and not directly assignable to a particular program...Indirect costs pertaining to detention operations shall exclude unallowable cost factors...Costs that may be included in this line item are: 1. Costs approved for use in the FY 2004/05 Indirect Cost Rate Proposal (ICRP) or County Wide Cost Allocation Plan (COWCAP)...All indirect costs must be allocated based on the percentages that each cost center benefits from the indirect costs...The following indirect costs are allowable only in proportion to the jail operation: Indirect Costs, Applicable Detention Overhead Costs, COWCAP costs, formally approved by the State Controller's Office as estimated costs for use in FY 04/05: Include the roll forward amount from the COWCAP..."

Offsetting Reimbursements and Applicable Credits, page 13, states in part: "Dual funding is not allowed. Reimbursements or funding from federal, State or other sources must be used to offset costs incurred for programs related to PC Section 4016.5...All reimbursements for direct jail services must be offset against direct cost expenditures... 6. Reimbursements received for services provided to other facilities...If credits and/or revenues reduce allowable DJR costs, they must be claimed as an offsetting reimbursement."

Estimate Two-Year Percent Cost Increase/Decrease, page 18, states: "This estimate is required as actual expenditures from two FYs ago are being used to project expenditures for FY 06/07. The types of costs used to calculate the two-year percentage cost increase/decrease must be the same types of costs used to calculate the DJR in order to avoid excessive retroactive adjustments. The method used must be reasonable and supported by documentation that includes an explanation describing how the two-year percentage cost increase/decrease was determined. Report the

percentage with two decimal places. Proposed formulas: 1. Allowable budgeted costs for FY 2005/06 divided by actual costs for FY 2003/04, less 1. 2. Allowable budgeted costs for FY 2005/06 divided by actual costs for FY 2004/05, less 1, and then multiplied by 2.”

Reported Average Daily Jail Population, page 18: “Attach a copy of the monthly average daily jail population (ADP) for FY 2004/05 for the jail facility, or a copy of the official city or county document where this population figure appears. Report the ADP with two decimal places.”

Estimated Two-Year Population Increase/Decrease, pages 18 and 19, state: “Provide worksheets and source documentation substantiating the expected jail population for FY 2006/07...The method used must be reasonable and carefully calculated in order to avoid material fluctuations in the DJRs from year to year. Report this percentage with two decimal places. Proposed formulas: 1. 2004/05 ADP minus 2002/03 ADP equals _____ divided by 2002/03 ADP. 2. Average increase/decrease over past five years. The Audits Branch recommends using the more conservative estimate that best reflects the ADP trend in the facility in order to avoid large fluctuations in the rate paid.”

RECOMMENDATION:

Reimburse the CDCR \$2,293,186 for the jail hospital rate overpayment.

FINDING 2: Prior Rate Estimate Adjustment – Jail Hospital Rate FY2004/05

The LACSD was paid based on an approved jail hospital rate of \$708.43 for 5,424 bed days in the FY 2004/05. The audited corrected jail hospital rate is \$496.20. The difference of \$212.23 (\$708.43 - \$496.20) results in an overpayment of \$1,151,136 (5,424 x \$212.23). Refer to Schedule 1, page 3 for the adjustment calculation.

The Audited Jail Hospital Rate further establishes a new Prior Rate Estimate Adjustment (PREA). The PREA corrects the actual FY 2004/05 rate with the estimated FY 2004/05 rate previously calculated and paid by CDCR.

The PREA served two purposes:

First, the estimated rate paid for FY 2004/05 of \$708.43 (which was their actual FY 2002/03 rate adjusted for the subsequent two years estimated increases and/or decreases in costs and ADP, yielding the estimated FY 2004/05 rate of \$708.43) is compared to their actual FY 2004/05 rate (which is \$680.08) that is submitted with their FY 2006/07 cost package (which is actual FY 2004/05 adjusted for subsequent two years estimated increases and/or decreases in costs and ADP, yielding the estimated FY 2006/07). This difference resulted in the actual cost to be \$28.35 less than the

estimate paid ($\$680.08 - \$708.43 = \$-28.35$). The Audits Branch verified that CDCR has not recovered that decrease.

Second, the Audits Branch tested LACSD's FY 2004/05 costs and ADP. The Audits Branch found that the LACSD's submitted rate of \$680.08 should be \$496.20. This amount represents an overpayment of \$183.88 ($\$680.08 - \496.20) due to the CDCR. Consequently, the overpayment rate of \$212.23 ($\$28.35 + \183.88) is the adjusted rate used to compute the overpayment of \$1,151,136.

CRITERIA:

DJR Manual for FY 2006/07, states in part: "The Fiscal Year (FY) 2006/07 Daily Jail Rate (DJR) reimbursement criteria will be established in the Budget Act of 2006....The DJR Manual provides critical guidelines and procedures for calculating the DJR..."

DJR Manual:

Annual DJR Proposal, page 4, states: "The proposed DJR for FY 2006/07 is based on actual costs and the Average Daily Population (ADP) established for FY 2004/05."

Reported Average Daily Jail Population, page 18, states: "Attach a copy of the monthly average daily jail population (ADP) for FY 2004/05 for the jail facility, or a copy of the official city or county document where this population figure appears. Report the ADP with two decimal places."

Completing the Prior Rate Estimate Adjustment, page 22, states: "As in prior years, the city or county may use the Prior Rate Adjustment Schedule to adjust the reimbursements received for detention costs for FY 2004/05. If the city or county was overpaid, collection by CDCR will be made from the first few months' invoices paid in FY 2006/07. If the city or county should submit CDCR 2131-B, Consolidated amended Invoice Parolee/Inmate Detention..., with the corrected DJR rate for FY 2004/05..."

RECOMMENDATIONS:

Reimburse the CDCR \$1,151,136 for the prior rate estimate adjustment.

FINDING 3: Jail Ward Security Rate Overpayment

The LACSD was paid a jail ward security rate of \$797.90 for 658 bed days in the FY 2006/07. The audited rate is \$400.56. The difference of \$397.34 ($\$797.90 - \400.56) is an overpaid rate. The 658 bed days for FY 2006/07 multiplied by the overpaid rate of \$397.34 resulted in an overpayment of \$261,450.

The rate reduction is a result of the following adjustments:

Unallowable S&B (Schedule 3, Line 2):

The audited S&EBs to be used in the calculation of the jail hospital rate are \$3,908,263. The submitted jail ward security S&EB of \$5,029,788 was overstated by \$1,121,525.

Salaries: The Audits Branch determined that the submitted number of jail ward security staff working at LCMC was different than the audited number of jail ward security staff. The Audits Branch based their staffing calculation on the average of a four month period by capturing the actual number of positions working at LCMC. The Audits Branch then took the four month average and extrapolated that to the full year. The following table reflects the submitted number of positions compared to the audited positions:

Table 1

Positions	Submitted	Audited	Difference
Generalist	30	26	-4
Bonus 1	3	3	0
Sergeant	3	3	0
Custody Assistant	5	8	+5
Total	41	40	-1

The average gross salary used in the submitted jail ward security rate calculation was based on the LACAC's Salary Cost Model. The Audits Branch selected two to six employees of each position working during the four month testing period to determine the audited average FY gross pay. The following table reflects the submitted yearly salaries and the audited yearly salaries for each position type and the total salaries to be used in the audited rate calculation.

Table 2

a	b	c	d	e	f	g
LCMC Staff	Submitted		Audited		Submitted	Audited
Positions	#	Yearly Salary	#	Yearly Salary	Total Salaries (b x c)	Total Salaries (d x e)
Generalist	30	\$65,196	26	\$66,226	\$1,955,880	\$1,721,876
Bonus 1	3	70,404	3	72,601	211,212	217,803
Sergeant	3	84,744	3	87,302	254,232	261,906
Custody Assistant	5	44,366	8	46,587	221,830	372,696
Total	41		40		\$2,643,154	\$2,574,281

Column b and d from Table 1

As reflected in the above table the submitted yearly salaries were understated (column c versus. column e) and the staffing positions did not reflect the correct staffing at LCMC (column b versus. column d). The submitted total salaries of \$2,643,154 were overstated by \$68,873. The audited total salaries for LCMC staff are \$2,574,281.

Additional Salary Allocation: The LACSD allocates additional salaries that are not included in the salary cost model. The LACSD determined that the LCMC salaries represent 6.786 percent (See Schedule 4) of the Twin Towers (TT) Facility organization

code. To calculate the percent of the additional salaries that are not included in the base gross salaries the LACSD used account # 1011, Permanent Employee Salaries and # 1101, Approved Sick Leave, but did not include prior year accounts # 1351, Expenditures Applicable to Prior Year and # 1352, Prior Year-approved Sick Leave Pay which are included in the employee's gross salaries per the Pay and Leave Manager. The two prior year accounts (#1351 and #1352) were included in the additional salary allocation in error. The Audits Branch determined that the audited LCMC salary percentage of the TT Facility organization is 6.608 percent (See Schedule 4). This percentage of the TT organization is to be reflected as additional salaries.

The following table represents the submitted additional salaries and the audited additional salaries which include the reason for disallowance, type of allocation or manner of calculation.

Table 3
Additional Salary Allocation

Item #	Acct #	Account Name	Submitted Amount	Audited Amount	Type of Allocation	Reason for Difference
1	1072	Other Salary Continuation	\$ 52,793	\$ 0		N/A for classifications
2	1073	Sick Buy Back	15,861	15,445	%	
3	1074	Outgoing Time Certificates	30,101	0		No qualified PYs found
4	1075	Bilingual Bonus	3,159	3,076	%	
5	1076	Stand-Buy Pay	615	0		N/A for classifications
6	1077	Shift Differential	6,164	5,840	Audited	See below
7	1078	Miscellaneous Earnings Pay	4,674	4,552	%	
8	1081	Overtime	663,291	40,400	Audited	See below
9	1083	Deferred Overtime Payments	1,168	1,137	%	
10	1084	Uniform Allowance	120,513	116,800	Audited	See below
11	1091	Bonus	3,676	3,580	%	
12	1351	Exp applic to Prior Yrs	325	0		Included with Reg Salary
13	1352	Pr Yr-Approved Sick Leave Pay	109	0		Included with Reg Salary
		Total Additional Salaries & Wages	\$902,449	\$190,830		

The Audits Branch calculations included the following adjustments that the LACSD did not consider:

Items #1, 3 and 5: The Audits Branch found that these three accounts included in the additional salaries that did not apply to the staffing at LCMC.

Items #2, 4, 7, 9 and 11: These audited amounts are a result of multiplying the audited "percentage of jail ward salaries to total" of 6.608 percent by each audited Total Salary as reflected in Schedule 4.

Item #6: The shift differential was calculated based on the average custody assistant (CA) positions that worked the employee benefits (EM) and PM shifts. There was an

average of five CAs who worked those shifts for a total of 2,940 hours (16 hrs x 365 days) per year and was paid the rate of \$.40 per hour for a total of \$5,840.

Item #8: The overtime was calculated based on the testing of the same four months used for the average positions working at LCMC. The average monthly/yearly overtime hours for each position are as follows:

Average Monthly/Yearly Overtime				
Position	Overtime Hours	Overtime Rate	Monthly Total	Yearly Total
Generalist	47	\$48.695	\$2,288.67	\$27,464
Bonus 1	6	53.38	320.28	3,844
Sergeant	7	64.19	449.33	5,392
Custody Assistant	9	34.26	308.34	3,700
Total Average Yearly Overtime				\$40,400

Item #10: The uniform allowance for the custody staff was \$1,000 per year plus a one time allowance of \$2,500 for FY 2004/05 for a total of \$3,500 and the custody assistant position was \$600 per year. The total uniform allowance is \$116,800 (32 Custody positions x 3,500 + 8 custody assistant positions x 600). (See Table 1 for 32 Custody staff: Generalist – 26; plus Bonus 1 – 3; plus Sergeant – 3 = 32 positions who receive uniform allowance and 8 Custody Assistant positions who receive uniform allowance).

Employee Benefits (EB): The Audits Branch determined that the jail ward security rate proposal EB rate of 42.975 percent was overstated and that a more accurate rate could be calculated. The LACSD calculated the EB rate by using the Sheriff's, organization code 15681 EB divided by the Sheriff's salaries. The Audits Branch calculated the audited EB rate by using the TT, organization code 16966, Salaries of \$52,239,687 divided by TT EB of \$21,597,139 for an audited EB rate of 41.342 percent.

The Audited Salaries of \$2,765,111 (\$2,574,281 from Table 2 + \$190,830 from Table 3) and the audited EB of \$1,143,152 (41.342% of \$2,765,111) for an Audited S&EB of \$3,908,263 to be used in the calculation of the Audited Jail Ward Security Rate.

Unallowable S&S (Schedule 3, Line 3):

The Jail Ward Security costs submitted for S&S of \$57,769 was questioned.

The LACSD allocated portions of the S&S from TT, organization code 16966 to other organization codes related to the housing of the jail inmates. This allocation is based on the ADP of the inmates in each facility of LACSD. These costs include the following departments: Inmate Services Bureau, Community Transition Unit, Pitchess Laundry Facility, Custody Food Services, and Routine Medical Services. Based on the ADP at LCMC 0.17 percent of the costs were allocated to LCMC for a total of \$57,769 which was used as the direct S&S costs in the calculation of the jail ward security rate.

The Audits Branch determined that none of the services provided by the departments listed above were provided to the inmates houses at LCMC. The allocated S&S direct costs are disallowed.

Indirect Costs (Schedule 3, Line 21):

The audited Indirect or OH Rate is 24.329 percent multiplied by the allowable S&EB of \$53,879,666 yields allowable indirect cost of \$13,108,384. This is \$3,181,589 less than the reported \$16,289,973 which was a result of their 26.282 percent OH rate multiplied by S&EB of \$61,982,656. The S&EB were reduced \$8,102,990 (\$61,982,656 – \$53,879,666) as a result of questioned S&EB costs as detailed under unallowable S&B.

The audited indirect rate of 24.329 percent consists of three different indirect rates: -3.371 percent for COWCAP; 11.079 percent for departmental OH; and 16.621 percent for Custody OH. The audited and the submitted OH rates are summarized as follows:

Indirect/Overhead	Submitted	Audited
COWCAP	-1.705%	-3.371%
Departmental OH	11.158%	11.079%
Custody OH	16.829%	16.621%
Total	26.282%	24.329%

The reasons for the adjustments in the OH rates are:

COWCAP: Two adjustments were made to the COWCAP. 1. The insurance amount of -\$14,957,068 used in the calculation was carried forward incorrectly. The actual amount of -\$14,983,791 resulted in a negative understatement of -\$26,723 which reduces the allowable overhead. 2. The LACSD improperly excluded the roll-forward amount of -\$22,583,325 which results in a negative understatement and reduces the allowable overhead. The DJR manual states the indirect costs are to include the roll forward amount from the COWCAP. In addition, the SCO reviews and approves the COWCAP rate and the approval letter from SCO specifically states that the roll-forward is to be included in this rate.

Departmental Overhead: The LACSD's calculation excluded the recoveries. The Audits Branch allocated each recovery to Department, Custody, FOD/Det/CSD, or Court Admin in the same way the expenses for the same accounts were allocated in LACSD's ICP. The Audits Branch found seventeen recovery line items and they were applied as follows: S&EB of \$485,896 and S&S of \$348,801.

Custody Overhead: The LACSD's calculation excluded the recoveries. The Audits Branch allocated each recovery to Department, Custody, FOD/Det/CSD, or Court Admin in the same way the expenses for the same accounts were allocated in LACSD's ICP. The Audits Branch found 17 recovery line items and they were applied as follows: S&EB of \$59,322 and S&S of \$43,510.

The chart below reflects the Overhead rate adjustments:

Indirect Cost	Audited		Submitted		Difference	
Countywide Overhead	-3.371%	-\$131,748	-1.705%	-\$85,783	-1.666%	\$ 45,965
Department Overhead	11.079%	432,997	11.158%	561,210	-.079%	128,213
Custody Overhead	16.621%	649,595	16.829%	846,477	-.208%	196,882
Total Audited Indirect Costs	24.329%	\$950,844	26.282%	\$1,321,904	-1.953%	\$371,060

Two-Year Cost Estimate Adjustment (Schedule 3, Line 34):

The Two-Year Cost Estimate Adjustment for the jail ward security to be used in the calculation of the jail ward security rate is a decrease of 11.68 percent. The jail ward security rate submitted increase of 32.94 percent was overstated by 44.62 percent.

The LACSD proposal calculation of the estimated two-year cost increase was based on the S&EB and S&S of the FY 2004/05 Custody budget. This calculation was applied to all DJR rate proposals for FY 2006/07. The Audits Branch determined that the costs used in the DJR proposal were not the most accurate for each of the cost estimates. Additionally, the proposal included a one-year estimate as opposed to the required two-year estimate. The Audits Branch determined that in order to apply consistent costs for the FYs, the submitted allowable costs, as opposed to the audited FY 2006/07 and desk reviewed FY 2005/06 costs should be applied.

The following formula was applied as follows: FY 2006/07 costs less FY 2005/06 costs, divided by FY 2005/06 costs, multiplied by two. The two-year cost estimate is as follows:

FY 2006/07 Submitted Allowable Costs (Line 32 DJR Proposal)	\$6,409,461
Less FY 05/06 Submitted Allowable Costs (Line 32 Approved DJR)	\$6,807,064
Difference	\$ -397,603
Divided by FY 2005/06 Submitted Allowable Costs	\$6,807,064 = -0.0584%
Multiplied by	X 2
New Cost Estimate (above formula applied)	-11.68%

The Audits Branch used the most current FY data, as opposed to the proposed FYs in the DJR Manual, in order to calculate a more conservative estimate that would avoid an overstated FY 2006/07 projected jail hospital rate. The Estimated Two-Year Percent Cost Decrease to be used in the jail ward security rate calculation is -11.68 percent.

ADP (Schedule 3, Line 37):

The ADP for the jail ward security that is to be used in the calculation of the jail ward security rate is 31.84. The jail ward security rate submitted of 32 was overstated by .16.

The Audits Branch determined the LACSD failed to calculate the ADP to two decimal places as required by the DJR Manual. The Audits Branch verified the ADP from the actual count sheets obtained from the LACSD timekeeper.

The Audits Branch determined that the ADP for FY 2004/05 for LCMC was 31.84 which will be used in the jail ward security rate calculation.

Two-Year Population Estimate Adjustment (Schedule 3, Line 40):

The Two-Year Population Estimate Adjustment for the jail ward security to be used in the calculation of the jail ward security rate is a decrease of -7.81 percent. The jail ward security rate of -8.57 percent was overstated by .76 percent.

The LACSD proposal's calculated the estimated two-year percent population increase by using the FY 2004/05 reported ADP less the FY 2003/04 reported ADP divided by FY 2003/04 ADP resulting in an estimated decrease of -8.57 percent.

The DJR Manual requires that the method used must be reasonable and carefully calculated in order to avoid material fluctuations in the DJRs from year to year. The manual provides two proposed formulas. The manual recommends using the more conservative estimate that best reflects the ADP trend in the facility in order to avoid large fluctuations in the rate paid. The Audits Branch determined that using the one-year current year method provided the most recent data. The Audits Branch calculated the estimate by using the Audited ADP as follows: FY 2006/07 ADP of 27.07 minus FY 2005/06 ADP of 28.17 divided by FY 2005/06 times 2 equals a decrease of 7.81 percent.

The two-year population estimated decrease adjustment to be used in the calculation of the jail ward security rate is -7.81 percent.

Audited DJR (Schedule 3, Line 42):

The Audits Branch prepared the audited jail ward security rate by applying the adjustments to the reported amounts. The adjustments included the above listed areas. The audited jail ward security rate of \$400.56 will be applied to the FY 2006/07 billings. The LACSD billed CDCR for 658 bed days at a rate of \$797.90. The LACSD was overpaid at the rate of \$397.34 (\$797.90 – \$400.56) for a total overpayment of \$261,450 (\$397.34 x 658).

CRITERIA:

DJR Manual for FY 2006/07, states in part: "The Fiscal Year (FY) 2006/07 Daily Jail Rate (DJR) reimbursement criteria will be established in the Budget Act of 2006....The DJR Manual provides critical guidelines and procedures for calculating the DJR..."

DJR Manual:

Annual DJR Proposal, page 4, states: "The proposed DJR for FY 2006/07 is based on actual costs and the Average Daily Population (ADP) established for FY 2004/05."

Unallowable Costs, pages 9 and 10, state in part: “The activity produces benefits for jail programs, but not State inmates housed in the city/county facility. The activity is undertaken for the benefit of the entire city or county, or for the general public. The activity is a general function required to carry out the overall responsibilities of local government. Some examples of the above are:...advertising...” “Unallowable Costs: Equipment that meets or exceeds the county or city’s capitalization policy.”

Indirect Costs, page 12, states in part: “Indirect costs (or overhead) are those costs incurred for a common or joint purpose, benefiting more than one program and not directly assignable to a particular program...Indirect costs pertaining to detention operations shall exclude unallowable cost factors...Costs that may be included in this line item are: 1. Costs approved for use in the FY 2004/05 Indirect Cost Rate Proposal (ICRP) or County Wide Cost Allocation Plan (COWCAP)...All indirect costs must be allocated based on the percentages that each cost center benefits from the indirect costs...The following indirect costs are allowable only in proportion to the jail operation: Indirect Costs, Applicable Detention Overhead Costs, COWCAP costs, formally approved by the State Controller’s Office as estimated costs for use in FY 04/05: Include the roll forward amount from the COWCAP...”

Estimate Two-Year Percent Cost Increase/Decrease, page 18, states in part: “This estimate is required as actual expenditures from two FYs ago are being used to project expenditures for FY 06/07. The types of costs used to calculate the two-year percentage cost increase/decrease must be the same types of costs used to calculate the DJR in order to avoid excessive retroactive adjustments. The method used must be reasonable and supported by documentation that includes an explanation describing how the two-year percentage cost increase/decrease was determined. Report the percentage with two decimal places. Proposed formulas: 1. Allowable budgeted costs for FY 2005/06 divided by actual costs for FY 2003/04, less 1. 2. Allowable budgeted costs for FY 2005/06 divided by actual costs for FY 2004/05, less 1, and then multiplied by 2.”

Reported Average Daily Jail Population, page 18, states: “Attach a copy of the monthly average daily jail population (ADP) for FY 2004/05 for the jail facility, or a copy of the official city or county document where this population figure appears. Report the ADP with two decimal places.”

Estimated Two-Year Percent Population Increase/Decrease, pages 18 and 19, state in part: “Provide worksheets and source documentation substantiating the expected jail population for FY 2006/07...The method used must be reasonable and carefully calculated in order to avoid material fluctuations in the DJRs from year to year. Report this percentage with two decimal places. Proposed formulas: 1. 2004/05 ADP minus 2002/03 ADP equals ____ divided by 2002/03 ADP. 2. Average increase/decrease over past five years. The Audits Branch recommends using the more conservative estimate that best reflects the ADP trend in the facility in order to avoid large fluctuations in the rate paid.”

RECOMMENDATIONS:

Reimburse the CDCR \$261,450 for the jail ward security rate overpayment.

FINDING 4: *Prior Rate Estimate Adjustment – Jail Ward Security Rate FY 2004/05*

The LACSD was paid based on an approved jail ward security rate of \$307.46 for 742 bed days in the FY 2004/05. The audited corrected jail ward security rate is \$418.10. The difference of \$110.64 ($\$307.46 - \418.10) results in an underpayment of \$82,095 ($742 \times \110.64). Refer to Schedule 3, page 3 for the adjustment calculation.

The Audited Jail Hospital Rate further establishes a new PREA. The PREA corrects the actual FY 2004/05 rate with the estimated FY 2004/05 rate previously calculated and paid by CDCR.

The PREA served two purposes:

First, the estimated rate paid for FY 2004/05 of \$307.46 (which was their actual FY 2002/03 rate adjusted for the subsequent two years estimated increases and/or decreases in costs and ADP, yielding the estimated FY 2004/05 rate of \$307.46) is compared to their actual FY 2004/05 rate (which is \$548.76) that is submitted with their FY 2006/07 cost package (which is actual FY 2004/05 adjusted for subsequent two years estimated increases and/or decreases in costs and ADP, yielding the estimated FY 2006/07). This difference resulted in the actual cost to be \$241.30 more than the estimate paid ($\$548.76 - \$307.46 = \$241.30$). The Audits Branch verified that CDCR has not reimbursed LACSD for the underpayment.

Second, the Audits Branch tested LACSD's FY 2004/05 costs and ADP. The Audits Branch found that the LACSD's submitted rate of \$548.76 should be \$418.10. This amount represents an overpayment of \$130.66 ($\$548.76 - \418.10) due CDCR.

Consequently the net underpayment of \$110.64 ($\241.30 underpayment less $\$130.66$ overpayment) is a result of the FY 2004/05 actual submitted by the LACSD that is more than the estimated paid (underpayment of $\$241.30$), less the reduction of their actual rate to the audited rate (overpayment of $\$130.66$). The LACSD was underpaid \$82,095.

CRITERIA:

DJR Manual for FY 2006/07, states in part: "The Fiscal Year (FY) 2006/07 Daily Jail Rate (DJR) reimbursement criteria will be established in the Budget Act of 2006....The DJR Manual provides critical guidelines and procedures for calculating the DJR..."

DJR Manual:

Annual DJR Proposal, page 4, states: "The proposed DJR for FY 2006/07 is based on actual costs and the Average Daily Population (ADP) established for FY 2004/05."

Reported Average Daily Jail Population, page 18, states: "Attach a copy of the monthly average daily jail population (ADP) for FY 2004/05 for the jail facility, or a copy of the official city or county document where this population figure appears. Report the ADP with two decimal places."

Completing the Prior Rate Estimate Adjustment, page 22, states in part: "As in prior years, the city or county may use the Prior Rate Adjustment Schedule to adjust the reimbursements received for detention costs for FY 2004/05. If the city or county was overpaid, collection by CDCR will be made from the first few months' invoices paid in FY 2006/07. If the city or county should submit CDCR 2131-B, Consolidated amended Invoice Parolee/Inmate Detention..., with the corrected DJR rate for FY 2004/05..."

RECOMMENDATION:

CDCR should reimburse the LACSD \$82,095 for the prior rate estimate adjustment.

FINDING 5: LCHD Non-Routine Medical Over Billings

The LACHD over billed CDCR \$42,934 for LCHD non-routine medical billings. This amount represents three inmate/parolees as follows:

1. September 2006 invoice – Toomer, Milton (aka Rasberry, Ronald): LACHD billed CDCR \$30,770 on the September 2006 invoice for September 19 through September 29, 2006. Subsequently, the LACHD also billed the CDCR \$30,770 on the December 2006 invoice for the same services of September 19 through September 29, 2006. This resulted in a duplicate billing of \$30,770.
2. August 2006 invoice - Barber, Ronald. LACHD billed CDCR for three days (July 13 through July 17, 2006) for a total of \$9,231. When the invoice was audited by CDCR Accounting prior to the payment of the invoice, Accounting improperly changed the invoice to reflect the entire medical bill of \$18,390. CDCR was not responsible for the total bill based on jurisdiction. CDCR Accounting's error created an over payment to LACHD of \$9,159.
3. August 2006 invoice - Del Real, Jeremiah: LACHD billed CDCR for this inmate's non-routine medical costs of \$12,236 for the three day period of August 28, 2006 through August 30, 2006. To verify this inmate was at the hospital receiving the non-routine medical services on these dates, the Audits Branch reviewed the jail ward security rate billings to determine the dates that the CDCR was responsible for this inmate. Our test revealed the inmate was guarded at the hospital on the

three day period of August 29 through August 31, 2006. LACHD's non-routine medical billings were submitted to CDCR for the wrong three day period. The actual medical costs for the correct 3 days were \$9,231. Therefore, LACHD over billed \$3,005 for non-routine medical costs.

CRITERIA:

DJR Manual for FY 2006/07, page 10, states in part: "1. Non-Routine Medical/Dental Expense: Definition: 'Non-routine medical expenses' refers to medical services provided to an individual for a specific condition or specialized care, such as those that typically requires a specialized physician...Non-routine medical expenses are unallowable as a direct cost in the DJR calculation, and must be billed by the city or county directly to HASS [Headquarters Accounting Services Section], via the appropriate DAPO [Division of Adult Parole Operations] Regional Headquarters Office."

RECOMMENDATION:

Reimburse the CDCR \$42,934 for Non-Routine Medical over billings.

FINDING 6: Jail Hospital Over Billings

The LACSD over billed CDCR \$2,920 for jail hospital rate billings. This amount represents three inmate/parolees at \$973.23 per day. Below are the details:

1. July 2006 invoice – McKinley, Jack: CDCR was billed for ten jail hospital days (July 1 through July 11, 2006) and the Automated Justice Information System (AJIS) reflects that the inmate was housed in the jail hospital for nine days (July 2 through July 11, 2006) creating a one day over billing. The jail hospital rate of \$973.23 (jail hospital rate of \$901.66 + maintenance rate of \$71.57) per day was over billed.
2. September 2006 invoice – Cambaliza, Rudolph: CDCR was billed for two jail hospital days (September 4 through September 6, 2006, the first day is billable, the last day is not) and the AJIS reflects that the inmate was housed in the jail hospital for only one day (September 5, 2006) creating a one day over billing at the rate of \$973.23.
3. October 2006 invoice – Gray, Billy: CDCR was billed for ten jail hospital days (October 6 through October 16, 2006, the first day is billable, the last day is not) and the AJIS reflects that the inmate was housed in the jail hospital for nine days (October 7 through October 16, 2006) creating a one day over billing at the rate of \$973.23.

CRITERIA:

DJR Manual for FY 2006/07, states in part: "The Fiscal Year (FY) 2006/07 Daily Jail Rate (DJR) reimbursement criteria will be established in the Budget Act of 2006....The DJR Manual provides critical guidelines and procedures for calculating the DJR..."

DJR Manual, Annual Daily Jail Rate Proposal, page 4: "The proposed DJR for FY 2006/07 is based on actual costs and the Average Daily Population (ADP) established for FY 2004/05."

RECOMMENDATION:

Reimburse the CDCR \$2,920 for Jail Hospital over billings.

GLOSSARY

ADP	Average Daily Population
AJIS	Automated Justice Information System
CA	Custody Assistant
CARP	Cost Rate Proposal
CDCR	California Department of Corrections and Rehabilitation
COWCAP	County-Wide Cost Allocation Plan
CRDF	Century Regional Detention Facility
CSD	Custody Services Divisions
DAPO	Division of Adult Parole Operations
Det	Detective
DJR	Daily Jail Rate
EB	Employee Benefits
FOD	Custody Facility Divisions
FY	Fiscal Year
ICP	Indirect Cost Proposal
IRC	Inmate Reception Center
LACAC	Los Angeles County Auditor/Controller
LACHD	Los Angeles County Health Department
LACSD	Los Angeles County Sheriff's Department
LCMC	Los Angeles County Medical Center
MH	Mental Health
ML	Mira Loma Facility
MSB	Medical Services Bureau
OAC	Office of Audits and Compliance
OH	Overhead
OHO	Our Holds Only
PJP	Peter J. Pitchess Detention Center
PREA	Prior Rate Estimate Adjustment
PY	Prior Year
S&B	Salaries and Benefits
S&EB	Salaries and Employee Benefits
S&S	Services and Supplies
SCO	State Controllers Office
TT	Twin Towers
TTCF-M3	Twin Towers Correctional Facility

SCHEDULE 1

Los Angeles		Jail Hospital		Prepared By: OAC	
ACTUAL EXPENSE FOR: FY 2004/05		SUBMITTED	AUDITED		REF.
		Column A	Adjustment Column B	Allowable Column C	
1	DIRECT COSTS (Allowable and Unallowable):				
2	Wages and Benefits	\$61,982,656	(\$8,102,990)	\$53,879,666	
3	Services and Supplies	\$15,061,945	(\$2,106,457)	\$12,955,488	
4					
5					
6					
7					
8					
9					
10	Total Direct Costs	\$77,044,601	(\$10,209,447)	\$66,835,154	
11	LESS: Unallowable Direct Costs				
12					
13					
14					
15					
16					
17					
18	Total Unallowable Direct Costs	\$0	\$0	\$0	
19	ALLOWABLE DIRECT COSTS	\$77,044,601	(\$10,209,447)	\$66,835,154	
20	Or Other Basis	\$0	\$0	\$0	
21	INDIRECT COSTS	\$16,289,973	(\$3,181,589)	\$13,108,384	
22	Allow Dir/Total Dir Equals The Allowable % of Indirect Costs (Line 19/Line 10)	100.00%	0.00%	100.00%	
23	ALLOWABLE INDIRECT COSTS	\$16,289,973	(\$3,181,589)	\$13,108,384	
24	TOTAL EXPENDITURES	\$93,334,574	(\$13,391,036)	\$79,943,538	
25	LESS:				
26	Offsetting Reimbursements & Applicable Credits				
26	IntraFund Transfers-DMH \$60,000	\$0	\$0	\$0	
27	IntraFund Transfers-DHS \$12,900	\$0	\$0	\$0	
28	Revenue-Other Sources \$555,216	\$0	\$0	\$0	
29	Total Offsetting R&AC \$628,116				
30	Less 28.965% routine medical/disa \$181,934				
31	TOTAL: \$446,182			\$446,182	
	Offsetting Reimbursements & Applicable Credits	\$0	\$0	\$446,182	
32	ALLOWABLE COSTS	\$93,334,574	(\$13,391,036)	\$79,497,356	

Los Angeles Jail Hospital		Prepared By: OAC	
PROJECTED EXPENDITURES FOR: FY 2006/07	SUBMITTED	AUDITED	
	Column A	Adjustment Column B	Allowable Column C
REF.			
33 Allowable Costs (FY 2004/05) (from Line 32 on page 1)	\$93,334,574	(\$13,391,036)	\$79,497,356
34 Estimated Two Year % Cost Increase/Decrease	32.94%	-31.73%	1.21%
35 Amount of Estimated Two Year Increase/Decrease	\$30,744,409	(\$29,782,491)	\$961,918
36 TOTAL ALLOWABLE COSTS FOR FY 2006/07 RATE COMPUTATION	\$124,078,983	(\$43,173,527)	\$80,459,274
FISCAL YEAR 2006/07 RATE COMPUTATION			
	Requested	Adjustment	Allowable
37 Reported Average Daily Jail Population (FY 2004/05)	376.00	62.94	438.94
38 Calendar Days (FY 2006/07)	365	0	365
39 Total Projected Jail Population Line 37 x Line 38	137,240	22,973	160,213
40 Estimated Two Year % Population Increase/Decrease	0.27%	16.31%	16.58%
41 Estimated FY 2006/07 Jail Population Line 39 x Line 40	137,605	49,171	186,776
42 DAILY JAIL RATE (FY 2006/07)	\$901.66	(\$470.88)	\$430.78
RATE ANALYSIS SUMMARY			
Per Audit	\$430.78		
Per County Rate Request	\$901.66		
Difference - Overpayment	(\$470.88)		

Los Angeles		Jail Hospital		Prepared By: OAC
Sched. 2006/07 A				
PRIOR RATE ESTIMATE ADJUSTMENT				
DESCRIPTION OF ITEM	SUBMITTED AMOUNT	AUDITED		REF.
		Adjustment	Allowable	
1. TOTAL ALLOWABLE COSTS FOR FISCAL YEAR (FY) 2004/05 <i>(From Line 33 of DJR Computation Schedule for FY 2006/07)</i>	\$93,334,574	(\$13,391,036)	\$79,497,356	
2. AVERAGE DAILY POPULATION IN FY 2004/05 <i>(From Line 37 of DJR Computation Schedule for FY 2006/07)</i>	376.00	62.94	438.94	
3. TOTAL CALENDAR DAYS IN FY 2004/05	365	0	365	
4. Total Actual Inmate Days in FY 2004/05	137,240	22,973	160,213	
5. CORRECTED DJR RATE FOR FY 2004/05 <i>(Not to exceed \$59.00)</i>	\$680.08	(\$183.88)	\$496.20	
6. DAILY JAIL RATE APPROVED FOR THIS FACILITY FOR USE IN FY 2004/05 <i>(From Line 42 of DJR Computation Schedule for FY 2004/05)</i>	\$708.43	\$0.00	\$708.43	
7. DIFFERENCE	(\$28.35)	(\$183.88)	(\$212.23)	

AUDITED DAILY JAIL RATES - COST SUMMARY**SCHEDULE 2****FISCAL YEAR 2006-07**

			Audit Amounts				Total Adjustments	Audited Total
			Calculation Correction	Audit Disallowance	Routine (PJJ & CRDF)	Disallowed (ML)		
Jail Hospital			19.496% - 18.282% = 1.214%	(See Below)	7.736% PJJ 0.314% CRDF	1.419% ML		
	Submitted Amounts							
Salaries and Employee Benefits		75,849,387						75,849,387
Less Routine Medical S&EB *	18.282%	13,866,731	920,812		6,105,876	1,076,303	8,102,990	21,969,721
Total S&EB		61,982,656					8,102,990	53,879,666
Services & Supplies		18,431,596		137,410			137,410	18,294,186
Less Routine Medical S&S *	18.282%	3,369,651	223,760		1,483,743	261,544	1,969,047	5,338,698
Total S&S		15,061,945					2,106,457	12,955,488
Indirect Cost:					Audited Indirect Percentage:			
Countywide Overhead	-1.705%	-1,057,110				-3.371%		(1,816,284)
Department Overhead	11.158%	6,915,856				11.079%		5,969,328
Custody Overhead	16.829%	10,431,228				16.621%		8,955,339
Total Indirect Cost	26.282%	16,289,973				24.329%		13,108,384

* Calculation Correction = Error found in calculation of screening personnel (Page 109) Physician Specialist indicated ".5" positions

It should be "5" positions. Original percentage of screening to Medical Services was 18.282% based on the calculation error the new percentage is 19.496%.

Disallowed Services & Supplies Medical Services (Jail Hospital Rate)

Acct#	Name	Amount	Reason
4476	Equipment	12,169	Capital Improvement - Shelving attached to the wall.
4524	Advertising	109,347	Advertising Not Allowed based on DJR Manual.
3268	Other-Office Furnish	15,894	Unable to locate invoice or supporting documents.
		<u>137,410</u>	

Jail Ward			Audit Amounts			
			Original Amt	Disallowed	Audited S&W	Audited Total
Salaries and Employee Benefits		5,029,788	1,121,512		2,765,120	3,908,276
Services & Supplies		57,769	57,769			0
Indirect Cost:					Audited Indirect Percentage:	
Countywide Overhead	-1.705%	-85,783			-3.371%	(131,748)
Department Overhead	11.158%	561,210			11.079%	432,997
Custody Overhead	16.829%	846,476			16.621%	649,595
Total Indirect Cost	26.282%	1,321,904			24.329%	950,844

Audited S&W - # positions & annual salary changed (See Jail Ward Salaries Worksheet)

Audited EB Rate = 41.342% From Twin Towers CAPS

SCHEDULE 3

Los Angeles		Jail Ward Security		Prepared By: OAC
ACTUAL EXPENSE FOR: FY 2004/05		SUBMITTED	AUDITED	
		Column A	Adjustment Column B	Allowable Column C
				REF.
1	DIRECT COSTS (Allowable and Unallowable):			
2	Wages and Benefits	\$5,029,788	(\$1,121,525)	\$3,908,263
3	Services and Supplies	\$57,769	(\$57,769)	\$0
4				
5				
6				
7				
8				
9				
10	Total Direct Costs	\$5,087,557	(\$1,179,294)	\$3,908,263
11	LESS: Unallowable Direct Costs			
12				
13				
14				
15				
16				
17				
18	Total Unallowable Direct Costs	\$0	\$0	\$0
19	ALLOWABLE DIRECT COSTS	\$5,087,557	(\$1,179,294)	\$3,908,263
20	Or Other Basis	\$0	\$0	\$0
21	INDIRECT COSTS	\$1,321,904	(\$371,060)	\$950,844
22	Allow Dir/Total Dir Equals The Allowable % of Indirect Costs (Line 19/Line 10)	100.00%	0.00%	100.00%
23	ALLOWABLE INDIRECT COSTS	\$1,321,904	(\$371,060)	\$950,844
24	TOTAL EXPENDITURES	\$6,409,461	(\$1,550,354)	\$4,859,107
25	LESS:			
26	Offsetting Reimbursements & Applicable Credits			
27	Training	\$0	\$0	\$0
28	Morrissey Hearings	\$0	\$0	\$0
29	Transportation Revenue	\$0	\$0	\$0
30				
31	TOTAL:			
32	Offsetting Reimbursements & Applicable Credits	\$0	\$0	\$0
33	ALLOWABLE COSTS	\$6,409,461	(\$1,550,354)	\$4,859,107

Los Angeles		Jail Ward Security		Prepared By: OAC	
PROJECTED EXPENDITURES FOR: FY 2006/07		SUBMITTED	AUDITED		REF.
		Column A	Adjustment Column B	Allowable Column C	
33	Allowable Costs (FY 2004/05) (from Line 32 on page 1)	\$6,409,461	(\$1,550,354)	\$4,859,107	
34	Estimated Two Year % Cost Increase/Decrease	32.94%	-44.62%	-11.68%	
35	Amount of Estimated Two Year Increase/Decrease	\$2,111,276	(\$2,678,820)	(\$567,544)	
36	TOTAL ALLOWABLE COSTS FOR FY 2006/07 RATE COMPUTATION	\$8,520,737	(\$4,229,174)	\$4,291,563	
FISCAL YEAR 2006/07		RATE COMPUTATION			
		Requested	Adjustment	Allowable	
37	Reported Average Daily Jail Population (FY 2004/05)	32.00	-0.16	31.84	
38	Calendar Days (FY 2006/07)	365	0	365	
39	Total Projected Jail Population Line 37 x Line 38	11,680	-58	11,622	
40	Estimated Two Year % Population Increase/Decrease	-8.57%	0.76%	-7.81%	
41	Estimated FY 2006/07 Jail Population Line 39 x Line 40	10,679	-58	10,714	
42	DAILY JAIL RATE (FY 2006/07)	\$797.90	(\$397.34)	\$400.56	
RATE ANALYSIS SUMMARY					
Per Audit		\$400.56			
Per County Rate Request		\$797.90			
Difference - Overpayment		(\$397.34)			

Los Angeles		Jail Ward Security		Prepared By: OAC	
Sched. 2006/07 A					
PRIOR RATE ESTIMATE ADJUSTMENT					
DESCRIPTION OF ITEM	SUBMITTED AMOUNT	AUDITED		REF.	
		Adjustment	Allowable		
1. TOTAL ALLOWABLE COSTS FOR FISCAL YEAR (FY) 2004/05 <i>(From Line 33 of DJR Computation Schedule for FY 2006/07)</i>	\$6,409,461	(\$1,550,354)	\$4,859,107		
2. AVERAGE DAILY POPULATION IN FY 2004/05 <i>(From Line 37 of DJR Computation Schedule for FY 2006/07)</i>	32.00	-0.16	31.84		
3. TOTAL CALENDAR DAYS IN FY 2004/05	365	0	365		
4. Total Actual Inmate Days in FY 2004/05	11,680	-58	11,622		
5. CORRECTED DJR RATE FOR FY 2004/05 <i>(Not to exceed \$59.00)</i>	\$548.76	(\$130.66)	\$418.10		
6. DAILY JAIL RATE APPROVED FOR THIS FACILITY FOR USE IN FY 2004/05 <i>(From Line 42 of DJR Computation Schedule for FY 2004/05)</i>	\$307.46	\$0.00	\$307.46		
7. DIFFERENCE	\$241.30	(\$130.66)	\$110.64		

DAILY JAIL RATES**Schedule 4****FISCAL YEAR 2006-07****Audited Jail Ward Salaries**

			Submitted				Audited			
			# of	Submitted		Submitted	# of	Audited		Audited
Positions			Positions	Salary	Total	Total	Positions	Salary	Total	Total
Generalist			30	65,196	1,955,880		26	66,226	1,721,876	
Bonus I			3	70,404	211,212		3	72,601	217,803	
Lieutenant			0	0	100,944		0	0	0	
Sergeant			3	84,744	254,232		3	87,302	261,906	
Custody Assistant			5	44,366	221,830		8	46,587	372,696	
						2,643,154	40			2,574,281
<u>Allocation of Additional S&W</u>										
Org Code 16966		Acct #								
Permanent Employees Salaries	1011				38,735,598				38,735,598	
Approved Sick Leave	1101				212,090				212,090	
Exp Applic to Prior Years	1351								4,796	
Pr Yr-Approved Sick Leave Pay	1352								1,609	
					38,947,688				38,954,093	
% of Jail Ward Salaries to Total					6.786%				6.608%	
OTHER SALARY CONTINUATION	1072			777,914	52,793			0	0	
SICK BUY BACK	7073			233,718	15,861			233,718	15,445	
OUTGOING TIME CERTIFICATES	1074			443,549	30,101			0	0	
BILINGUAL BONUS	1075			46,550	3,159			46,550	3,076	
STAND-BY PAY	1076			9,060	615			0	0	
SHIFT DIFFERENTIAL	1077			90,828	6,164			90,828	5,840	
MISCELLANEOUS EARNINGS PAY	1078			68,872	4,674			68,872	4,551	
OVERTIME	1081			9,773,796	663,291			9,773,796	40,400	
DEFERRED OVERTIME PAYMENTS	1083			17,209	1,168			17,209	1,137	
UNIFORM ALLOWANCE	1084			1,775,800	120,513			1,775,800	116,800	
BONUS	1091			54,164	3,676			54,164	3,579	
PYMT IN LIEU OF SALARY REDCTN				0	0			0	0	
Exp Applic to Prior Years	1351			4,796	325			0	0	
Pr Yr-Approved Sick Leave Pay	1352			1,609	109			0	0	
Total Add'l S&W						902,449				190,830
				Total Jail Ward S&W		3,545,603		Audited Jail Ward S&W		2,765,111
				EB-Rate 42.975%		1,523,730		Audited EB - Rate 41.342%		1,143,152
				Allocated S&W and EB		48,710				0
				Less Booking S&W and EB		-88,255				0
				Total Jail Ward S&W and EB		5,029,788		Total Audited Jail Ward S&W and EB		3,908,263

Note: Other totals changed due to the adjustment to the actual positions at LCMC.

Audited Employee Benefit Rate based on Twin Towers CAPS

From Twin Towers CAPS

Total S&EB 73,836,826

Total S&W 52,239,687

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Total EB 21,597,139

Audited EB Rate 41.342%

SCHEDULE 1A

Los Angeles Jail Hospital			Prepared By: OAC		
ACTUAL EXPENSE FOR: FY 2004/05	SUBMITTED	AUDITED		FINAL AUDITED	
	Column A	Adjustment Column B	Allowable Column C	Final Adjustment	Final Allowable
1: DIRECT COSTS (Allowable and Unallowable):					
2 Wages and Benefits	\$61,982,656	(\$8,102,990)	\$53,879,666	(\$8,102,990)	\$53,879,666
3 Services and Supplies	\$15,061,945	(\$2,106,457)	\$12,955,488	(\$2,106,457)	\$12,955,488
4					
5					
6					
7					
8					
9					
# Total Direct Costs	\$77,044,601	(\$10,209,447)	\$66,835,154	(\$10,209,447)	\$66,835,154
# LESS: Unallowable Direct Costs					
#					
#					
#					
#					
#					
# Total Unallowable Direct Costs	\$0	\$0	\$0	\$0	\$0
# ALLOWABLE DIRECT COSTS	\$77,044,601	(\$10,209,447)	\$66,835,154	(\$10,209,447)	\$66,835,154
# Or Other Basis	\$0	\$0	\$0	\$0	\$0
# INDIRECT COSTS	\$16,289,973	(\$3,181,589)	\$13,108,384	(\$2,568,977)	\$13,720,996
# Allow Dir/Total Dir Equals The					
# Allowable % of Indirect Costs	100.00%	0.00%	100.00%	0.00%	100.00%
# (Line 19/Line 10)					
# ALLOWABLE INDIRECT COSTS	\$16,289,973	(\$3,181,589)	\$13,108,384	(\$2,568,977)	\$13,720,996
# TOTAL EXPENDITURES	\$93,334,574	(\$13,391,036)	\$79,943,538	(\$12,778,424)	\$80,556,150
# LESS:					
# Offsetting Reimbursements					
# IntraFund Transfers-DMH \$60,000	\$0	\$0	\$0	\$0	\$0
# IntraFund Transfers-DHS \$12,900	\$0	\$0	\$0	\$0	\$0
# Revenue-Other Sources \$555,216	\$0	\$0	\$0	\$0	\$0
# Total Offsetting R&AC \$628,116					
# Less 28.965% routine med/disallowed \$181,934					
# TOTAL: \$446,182			\$446,182		\$446,182
# Offsetting Reimbursements	\$0	\$0	\$446,182	\$0	\$446,182
# ALLOWABLE COSTS	\$93,334,574	(\$13,391,036)	\$79,497,356	(\$12,778,424)	\$80,109,968

Los Angeles Jail Hospital		Prepared By: OAC			
PROJECTED EXPENDITURES FOR: FY 2006/07	SUBMITTED	AUDITED		FINAL AUDITED	
	Column A	Adjustment Column B	Allowable Column C	Final Adjustment	Final Allowable
# Allowable Costs (FY 2004/05) (from Line 32 on page 1)	\$93,334,574	(\$13,391,036)	\$79,497,356	(\$12,778,424)	\$80,109,968
# Estimated Two Year % Cost Increase/Decrease	32.94%	-31.73%	1.21%	3.63%	36.57%
# Amount of Estimated Two Year Increase/Decrease	\$30,744,409	(\$29,782,491)	\$961,918	(\$1,448,194)	\$29,296,215
# TOTAL ALLOWABLE COSTS FOR FY 2006/07 RATE COMPUTATION	\$124,078,983	(\$43,173,527)	\$80,459,274	(\$14,226,618)	\$109,406,183
FISCAL YEAR 2006/07		RATE COMPUTATION		FINAL RATE COMPUTATION	
	Requested	Adjustment	Allowable	Adjustment	Allowable
# Reported Average Daily Jail Population (FY 2004/05)	376.00	62.94	438.94	26.21	402.21
# Calendar Days (FY 2006/07)	365	0	365	0	365
# Total Projected Jail Population Line 37 x Line 38	137,240	22,973	160,213	9,567	146,807
# Estimated Two Year % Population Increase/Decrease	0.27%	16.31%	16.58%	32.40%	32.67%
# Estimated FY 2006/07 Jail Population Line 39 x Line 40	137,605	49,171	186,776	57,164	194,769
# DAILY JAIL RATE (FY 2006/07)	\$901.66	(\$470.88)	\$430.78	(\$339.94)	\$561.72
RATE ANALYSIS SUMMARY					
			Final		
Per Audit		\$430.78	\$561.72		
Per County Rate Request		\$901.66	\$901.66		
Difference - Overpayment		(\$470.88)	(\$339.94)		

Los Angeles

Jail Hospital

Prepared By: **OAC**

Sched. 2006/07 A

PRIOR RATE ESTIMATE ADJUSTMENT

DESCRIPTION OF ITEM	SUBMITTED AMOUNT	AUDITED		FINAL AUDITED	
		Adjustment	Allowable	Adjustment	Allowable
1 TOTAL ALLOWABLE COSTS FOR FY (FY) 2004/05 <i>(From Line 33 of DJR Computation Schedule for FY 2006/07)</i>	\$93,334,574	(\$13,391,036)	\$79,497,356	(\$12,778,424)	\$80,109,968
2 AVERAGE DAILY POPULATION IN FY 2004/05 <i>(From Line 37 of DJR Computation Schedule for FY 2006/07)</i>	376.00	62.94	438.94	26.21	402.21
3 TOTAL CALENDAR DAYS IN FY 2004/05	365	0	365	0	365
4 Total Actual Inmate Days in FY 2004/05	137,240	22,973	160,213	9,567	146,807
5 CORRECTED DJR RATE FOR FY 2004/05 <i>(Not to exceed \$59.00)</i>	\$680.08	(\$183.88)	\$496.20	(\$134.40)	\$545.68
6 DAILY JAIL RATE APPROVED FOR THIS FACILITY FOR USE IN FY 2004/05 <i>(From Line 42 of DJR Computation Schedule for FY 2004/05)</i>	\$708.43	\$0.00	\$708.43	\$0.00	\$708.43
7 DIFFERENCE	(\$28.35)	(\$183.88)	(\$212.23)	(\$134.40)	(\$162.75)

AUDITED DAILY JAIL RATES - COST SUMMARY**SCHEDULE 2A****FISCAL YEAR 2006-07**

<u>Jail Hospital</u>			Audit Amounts				Total Adjustments	Audited Total	Final Adjustments	Final Audited Total
			Calculation Correction	Audit Disallowance	Routine (PJJ & CRDF)	Disallowed (ML)				
	Submitted Amounts		19.496% - 18.282% = 1.214%	(See Below)	7.736% PJJ 0.314% CRDF	1.419% ML				
Salaries and Employee Benefits		75,849,387						75,849,387		75,849,387
Less Routine Medical S&EB *	18.282%	13,866,731	920,812		6,105,876	1,076,303	8,102,990	21,969,721	8,102,990	21,969,721
Total S&EB		61,982,656					8,102,990	53,879,666	8,102,990	53,879,666
Services & Supplies		18,431,596		137,410			137,410	18,294,186	137,410	18,294,186
Less Routine Medical S&S *	18.282%	3,369,651	223,760		1,483,743	261,544	1,969,047	5,338,698	1,969,047	5,338,698
Total S&S		15,061,945					2,106,457	12,955,488	2,106,457	12,955,488
Indirect Cost:					Audited Indirect Percentage:					
Countywide Overhead	-1.705%	-1,057,110				-3.371%		(1,816,284)	-2.521%	(1,358,306)
Department Overhead	11.158%	6,915,856				11.079%		5,969,328	11.158%	6,011,893
Custody Overhead	16.829%	10,431,228				16.621%		8,955,339	16.829%	9,067,409
Total Indirect Cost	26.282%	16,289,973				24.329%		13,108,384	25.466%	13,720,996

* Calculation Correction = Error found in calculation of screening personnel (Page 109) Physician Specialist indicated ".5" positions

It should be "5" positions. Original percentage of screening to Medical Services was 18.282% based on the calculation error the new percentage is 19.496%.

Disallowed Services & Supplies Medical Services (Jail Hospital Rate)

Acct#	Name	Amount	Reason
4476	Equipment	12,169	Capital Improvement - Shelving attached to the wall.
4524	Advertising	109,347	Advertising Not Allowed based on DJR Manual.
3268	Other-Office Furnish	15,894	Unable to locate invoice or supporting documents.
		<u>137,410</u>	

<u>Jail Ward</u>			Audit Amounts				Final Adjustments	Final Total
			Original Amt	Disallowed	Audited S&W	Audited EB	Audited Total	
Salaries and Employee Benefits		5,029,788	1,121,512		2,765,120	1,143,156	3,908,276	3,908,276
Services & Supplies		57,769	57,769				0	0
Indirect Cost:					Audited Indirect Percentage:			
Countywide Overhead	-1.705%	-85,783				-3.371%	(131,748)	(98,528)
Department Overhead	11.158%	561,210				11.079%	432,998	432,997
Custody Overhead	16.829%	846,476				16.621%	649,595	657,724
Total Indirect Cost	26.282%	1,321,904				24.329%	950,844	992,193

Audited S&W - # positions & annual salary changed (See Jail Ward Salaries Worksheet)

Audited EB Rate = 41.342% From Twin Towers CAPS

SCHEDULE 3A

Los Angeles		Jail Ward Security		Prepared By: OAC		
ACTUAL EXPENSE FOR: FY 2004/05		SUBMITTED	AUDITED		FINAL AUDITED	
		Column A	Adjustment Column B	Allowable Column C	Final Adjustment	Final Allowable
1	DIRECT COSTS (Allowable and Unallowable):	\$5,029,788 \$57,769	(\$1,121,525) (\$57,769)	\$3,908,263 \$0	(\$1,121,525) (\$57,769)	\$3,908,263 \$0
2	Wages and Benefits					
3	Services and Supplies					
4						
5						
6						
7						
8						
9						
10	Total Direct Costs	\$5,087,557	(\$1,179,294)	\$3,908,263	(\$1,179,294)	\$3,908,263
11	LESS: Unallowable Direct Costs					
12						
13						
14						
15						
16						
17						
18	Total Unallowable Direct Costs	\$0	\$0	\$0	\$0	\$0
19	ALLOWABLE DIRECT COSTS	\$5,087,557	(\$1,179,294)	\$3,908,263	(\$1,179,294)	\$3,908,263
20	Or Other Basis	\$0	\$0	\$0	\$0	\$0
21	INDIRECT COSTS	\$1,321,904	(\$371,060)	\$950,844	(\$329,711)	\$992,193
22	Allow Dir/Total Dir Equals The Allowable % of Indirect Costs (Line 19/Line 10)	100.00%	0.00%	100.00%	0.00%	100.00%
23	ALLOWABLE INDIRECT COSTS	\$1,321,904	(\$371,060)	\$950,844	(\$329,711)	\$992,193
24	TOTAL EXPENDITURES	\$6,409,461	(\$1,550,354)	\$4,859,107	(\$1,509,005)	\$4,900,456
25	LESS:	\$0	\$0	\$0	\$0	\$0
26	Offsetting Reimbursements					
27	Training					
28	Morrissey Hearings					
29	Transportation Revenue					
30						
31	TOTAL: Offsetting Reimbursements	\$0	\$0	\$0	\$0	\$0
32	ALLOWABLE COSTS	\$6,409,461	(\$1,550,354)	\$4,859,107	(\$1,509,005)	\$4,900,456

Los Angeles		Jail Ward Security		Prepared By: OAC		
PROJECTED EXPENDITURES FOR: FY 2006/07		SUBMITTED	AUDITED		FINAL AUDITED	
		Column A	Adjustment Column B	Allowable Column C	Final Adjustment	Final Allowable
33	Allowable Costs (FY 2004/05) (from Line 32 on page 1)	\$6,409,461	(\$1,550,354)	\$4,859,107	(\$1,509,005)	\$4,900,456
34	Estimated Two Year % Cost Increase/Decrease	32.94%	-44.62%	-11.68%	-33.30%	-0.36%
35	Amount of Estimated Two Year Increase/Decrease	\$2,111,276	(\$2,678,820)	(\$567,544)	(\$2,128,673)	(\$17,397)
36	TOTAL ALLOWABLE COSTS FOR FY 2006/07 RATE COMPUTATION	\$8,520,737	(\$4,229,174)	\$4,291,563	(\$3,637,678)	\$4,883,059

FISCAL YEAR 2006/07		RATE COMPUTATION			FINAL RATE COMPUTATION	
		Requested	Adjustment	Allowable	Adjustment	Allowable
37	Reported Average Daily Jail Population (FY 2004/05)	32.00	-0.16	31.84	-0.16	31.84
38	Calendar Days (FY 2006/07)	365	0	365	0	365
39	Total Projected Jail Population Line 37 x Line 38	11,680	-58	11,622	-58	11,622
40	Estimated Two Year % Population Increase/Decrease	-8.57%	0.76%	-7.81%	0.76%	-7.81%
41	Estimated FY 2006/07 Jail Population Line 39 x Line 40	10,679	-58	10,714	-58	10,714
42	DAILY JAIL RATE (FY 2006/07)	\$797.90	(\$397.34)	\$400.56	(\$342.14)	\$455.76

RATE ANALYSIS SUMMARY

Per Audit	\$400.56	Final	\$455.76
Per County Rate Request	\$797.90		\$797.90
Difference - Overpayment	(\$397.34)		(\$342.14)

Los Angeles		Jail Ward Security		Prepared By: OAC	
Sched. 2006/07 A					
PRIOR RATE ESTIMATE ADJUSTMENT					
DESCRIPTION OF ITEM	SUBMITTED AMOUNT	AUDITED		Final Adjustment	Final Allowable
		Adjustment	Allowable		
1 TOTAL ALLOWABLE COSTS FOR FY (FY) 2004/05 (From Line 33 of DJR Computation Schedule for FY 2006/07)	\$6,409,461	(\$1,550,354)	\$4,859,107	(\$1,509,005)	\$4,900,456
2 AVERAGE DAILY POPULATION IN FY 04/05 (From Line 37 of DJR Computation Schedule for FY 2006/07)	32.00	-0.16	31.84	-0.16	31.84
3 TOTAL CALENDAR DAYS IN FY 2004/05	365	0	365	0	365
4 Total Actual Inmate Days in FY 2004/05	11,680	-58	11,622	-58	11,622
5 CORRECTED DJR RATE FOR FY 2004/05 (Not to exceed \$59.00)	\$548.76	(\$130.66)	\$418.10	(\$127.10)	\$421.65
6 DAILY JAIL RATE APPROVED FOR THIS FACILITY FOR USE IN FY 2004/05 (From Line 42 of DJR Computation Schedule for FY 2004/05)	\$307.46	\$0.00	\$307.46	\$0.00	\$307.46
7 DIFFERENCE	\$241.30	(\$130.66)	\$110.64	(\$127.10)	\$114.19

DAILY JAIL RATES**Schedule 4A****FISCAL YEAR 2006-07****Audited Jail Ward Salaries**

			Submitted				Audited				FINAL	
			# of	Submitted		Submitted	# of	Audited		Audited	Adjustment	Audited Total
<u>Positions</u>			<u>Positions</u>	<u>Salary</u>	<u>Total</u>	<u>Total</u>	<u>Positions</u>	<u>Salary</u>	<u>Total</u>	<u>Total</u>		
Generalist			30	65,196	1,955,880		26	66,226	1,721,876			
Bonus I			3	70,404	211,212		3	72,601	217,803			
Lieutenant			0	0	100,944		0	0	0			
Sergeant			3	84,744	254,232		3	87,302	261,906			
Custody Assistant			5	44,366	221,830		8	46,587	372,696			
						2,643,154	40			2,574,281		2,574,281
<u>Allocation of Additional S&W</u>												
Org Code 16966		Acct #										
Permanent Employees Salaries		1011			38,735,598				38,735,598			
Approved Sick Leave		1101			212,090				212,090			
Exp Applic to Prior Years		1351							4,796			
Pr Yr-Approved Sick Leave Pay		1352							1,609			
					38,947,688				38,954,093			
% of Jail Ward Salaries to Total					6.786%				6.608%			
OTHER SALARY CONTINUATION		1072		777,914	52,793			0	0			
SICK BUY BACK		7073		233,718	15,861			233,718	15,445			
OUTGOING TIME CERTIFICATES		1074		443,549	30,101			0	0			
BILINGUAL BONUS		1075		46,550	3,159			46,550	3,076			
STAND-BY PAY		1076		9,060	615			0	0			
SHIFT DIFFERENTIAL		1077		90,828	6,164			90,828	5,840			
MISCELLANEOUS EARNINGS PAY		1078		68,872	4,674			68,872	4,551			
OVERTIME		1081		9,773,796	663,291			9,773,796	40,400			
DEFERRED OVERTIME PAYMENTS		1083		17,209	1,168			17,209	1,137			
UNIFORM ALLOWANCE		1084		1,775,800	120,513			1,775,800	116,800			
BONUS		1091		54,164	3,676			54,164	3,579			
PYMT IN LIEU OF SALARY REDCTN				0	0			0	0			
Exp Applic to Prior Years		1351		4,796	325			0	0			
Pr Yr-Approved Sick Leave Pay		1352		1,609	109			0	0			
Total Add'l S&W						902,449				190,830		190,830
				Total Jail Ward S&W	3,545,603			Audited Jail Ward S&W	2,765,111			2,765,111
				EB-Rate 42.975%	1,523,730			Audited EB - Rate 41.342%	1,143,152			1,143,152
				Allocated S&W and EB	48,710					0		0
				Less Booking S&W and EB	-88,255					0		0
				Total Jail Ward S&W and EB	5,029,788		Total Audited Jail Ward S&W and EB	3,908,263				3,908,263

Note: Other totals changed due to the adjustment to the actual positions at LCMC.

Audited Employee Benefit Rate based on Twin Towers CAPS

From Twin Towers CAPS

Total S&EB	73,836,826
Total S&W	52,239,687
Total EB	21,597,139
Audited EB Rate	41.342%

ATTACHMENT 5A

Final Countywide Overhead	Submitted	Audited
	FY 2004-05	FY 2004-05
Outside Audit	106,280	106,280
Rental Expense	-27,547,869	-27,547,869
Building Use Allowance	0	0
Equipment Use Allowance	0	0
Vehicle Depreciation	0	0
Utility Expense	-825,371	-825,371
Afirmative Action	665,214	665,218
Auditor-Controller	1,087,836	1,087,879
Board of Supervisors	230,499	230,502
CAO	1,323,897	1,323,914
CIO	485,371	485,375
County Counsel	421,413	421,426
Insurance	-14,957,068	-14,957,068
ISD	-930,606	-930,846
Human Resources	1,532,262	1,532,290
Treasurer-Tax Collector	66,749	66,748
Vacant Space	200,771	200,769
Adjustments	14,983,791	14,957,068
Total	-23,156,831	-23,289,965
Roll-Forward		-10,944,724
Total		-34,234,689
Direct Labor S&W	916,353,626	916,353,626
Add EB @ 48.172%	441,425,869	441,425,869
Total Direct S&EB	1,357,779,495	1,357,779,495
Countywide Overhead Rate	-1.705%	-2.521%



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



November 12, 2008

Richard C. Krupp, Ph.D.
Assistant Secretary
Office of Audits and Compliance
1515 South Street
Sacramento, California 95814

Dear Dr. Krupp:

RESPONSE TO PRELIMINARY FINDINGS
DAILY JAIL MEDICAL RATE AUDIT REPORT

The Los Angeles County Sheriff's Department (LASD) has reviewed the Preliminary Audit Report dated April 15, 2008, regarding the 2006-07 daily jail medical rates. As requested, attached is our written response to the preliminary audit findings.

We look forward to working with your agency in addressing any concerns and improving upon an already successful long standing partnership.

If you have any questions, please feel free to contact Assistant Director Glen Joe at (323) 526-5144.

Sincerely,

LEROY D. BACA
SHERIFF



A Tradition of Service

FINDING 1: JAIL HOSPITAL OVERPAYMENT

Unallowable Salaries and Benefits

We concur with the finding that the number of Physician Specialists used in the calculation of the Routine Medical cost percentage was incorrect. We also agree with the finding that the Medical Services costs associated with Mira Loma (ML) should have been deducted from the total Medical Services costs. However, please note that no screening functions are performed at Pitchess Detention Center (PDC), and also note that the Century Regional Detention Facility (CRDF) staff in question was included in the 2006-07 study as part of the Twin Towers II IRC staff.

Unallowable Services and Supplies

With regard to the "questionable" Services and Supplies (S&S), we find that the amounts are immaterial because the \$137,410 equates to only .745% of the total Medical Services S&S expenditure of \$18,431,596. We will make the adjustment.

We agree with the \$223,760 adjustment to the Medical Services Bureau (MSB) S&S, which was based on the corrected Physician Specialist costs. We also agree with the ML adjustment for S&S. We do not agree with the S&S adjustment related to PDC and CRDF as noted above.

Indirect Costs

- **Countywide Cost Allocation Plan (CCAP):** We do not agree with the adjustment to the CCAP for Insurance. A review of Exhibit A of the State-approved 2004-05 CCAP will reveal that the Los Angeles County Sheriff Department (LASD) used the correct insurance amount.

We also do not agree with the inclusion of the roll-forward. While we recognize that the Daily Jail Rates (DJR) Manual instructs that the roll-forward is to be included, the calculation method used by the LASD differs from the method used by other counties. The LASD has never utilized the roll-forward in making calculations. Using the roll-forward would require a recalculation because the roll-forward amount contains Use Allowance costs which may not be included in the calculations. Because this program has "longevity," including the roll-forward is not necessary. Indirect Cost calculations are self-correcting because actual costs will subsequently be determined in two to three years, and the Prior Rate Estimate Adjustment will be calculated. It should also be noted that the roll-forward amount of -\$22,583,325 cited in the report is erroneous. The amount shown in the report should have come from the 2004-05 Countywide Cost Allocation Plan (CCAP), which indicates -\$10,944,724 to be the correct amount.

- **Department Overhead:** Assuming the recovery amounts are accurate, the \$485,896 classified in the report as Salary and Employee Benefits (S&EB), was originally classified as S&S on a LASD document and also on a schedule prepared by the Audits Branch. While we agree with the basic theory presented, we believe the majority of these "recoveries" are actually Direct Costs included in the LASD's Indirect Cost Proposal (ICP). While Direct Cost recovery should **not** be excluded, the Indirect Cost recovery should be excluded.

However, the Indirect Costs can not be determined, and Indirect Costs would be immaterial in any case. We also observed that the "recoveries" noted were for Fiscal Year 2004-05. The LASD based its Department Overhead rate on the LASD's 2004-05 ICP, which was based on actual expenditures for 2001-02. The Fiscal Year 2004-05 "recoveries," if applicable, would be used to develop the LASD's Overhead rate for the Fiscal Year 2009-10 Medical Rates; not the Fiscal Year 2006-07 Medical Rates.

- **Custody Overhead:** We agree with the theory presented but disagree on making the adjustment based on the issues cited in the LASD's Overhead section, above.

Offsetting Reimbursements

We agree that the MSB reimbursements should be offset. Using the percentage allocation is not necessary; simply reducing the total MSB cost by the amount of the reimbursement and then applying the IRC-driven Routine Medical cost percentage would yield the appropriate result.

Two-Year Cost Estimate Adjustment

We disagree that the adjustment was overstated, and we disagree that it was not based on data spanning a two year time period. The 32.94% increase represents the difference between Custody Division's actual costs for FY 2004-05, and Custody Division's expense budget for 2005-06. This one-year increase was then multiplied by two, and the product represented the two-year percentage increase. This method followed the example presented in the DJR manual. For validation, we subsequently calculated the percentage using actual MSB cost data for 2004-05 and 2005-06. The two-year percentage using actual cost was 36.57%, which of course was higher than the projected increase based upon the budgeted costs. Finally, after obtaining actual cost data for 2006-07, we recalculated the two-year adjustment factor to be 43.80% using actual MSB cost data for 2004-05 and 2006-07. The adjustment factor we originally calculated in 2006-07 was actually 11 percentage points understated.

ADP and Two-Year Population Estimate Adjustment

As reported by MSB, a total of 137,313 medical bed days were consumed during 2004-05. Per the MSB report, a 99% occupancy rate was maintained. The number of bed days recorded during 2004-05 was .27% greater than recorded during the prior year. With an occupancy rate of 99%, it was inappropriate to assume that a significantly higher number of beds could be filled, so a variance factor of 1% is reasonable.

We agree that the total bed count used in the calculation of the jail hospital rate of 438.94 beds is more than the LASD has in operation exclusively for medical treatment. However, we believe the proposed count of 376 is understated. The discrepancy between the numbers is associated with the inclusion of mental health beds. The State should not have been charged for mental health beds. As a result, LASD has reviewed the 2006-07 charges and has identified \$250,120.11 that should be reimbursed to the State. It is recommended that the LASD reimburse only \$250,120, instead of \$2,293,186 reflected in your report. Additionally, from this point forward, the mental health beds will be removed from the jail hospital rate calculation.

FINDING 2: PRIOR RATE ESTIMATE ADJUSTMENT - JAIL HOSPITAL RATE FISCAL YEAR 2004/05

Based on the agreed to changes noted in Finding 1, it is recommended that an adjusted overpayment is calculated for the Prior Rate Estimate Adjustment.

Employing the changes noted in Finding 1, to which the LASD concurs, we recommend that the Prior Rate Estimate Adjustment overpayment be recalculated accordingly.

FINDING 3: JAIL WARD SECURITY RATE OVERPAYMENT

Unallowable Salaries and Benefits

- **Salaries:** Presuming four months of cost data is statistically sufficient to forecast the average staffing and salary levels for the entire year, the difference between the Submitted Total Cost and the Audited Total Cost is insignificant. The \$68,000 in overstated salaries is only 2.6% of the total estimate for the Los Angeles County Medical Center (LCMC). Overtime cost is the more substantial issue regarding the LCMC salary costs. The estimated \$623,000 overstatement is significant and should be used to adjust the allowable salary costs. Again, we must presume that four months of overtime data is statistically sufficient to forecast the annual costs. The other "Additional Salary" costs adjustments are immaterial, but we will adjust the 2006-07 costs according to the revised overtime cost forecast.

Employee Benefits: It is faulty to presume that the estimated benefit rate for Twin Towers Correctional Facility (TTCF) employees would be more accurate than the estimated benefit rate for the entire LASD because both rates are estimates. Moreover, the difference between the two rate estimates is insignificant. Accordingly, we will continue to use the same rate for all employee benefit cost calculations.

Unallowable S&S

We agree that the \$57,679 attributed to the staff at LCMC may not have been appropriate. Our intent for allocating these costs was not to determine the direct costs for inmate support, but to determine the cost attributable to supporting the staff at LCMC. Future S&S cost allocations for TTCF will be adjusted to exclude any facility related costs.

Indirect Costs

Based on the reasons noted in Finding 1, no changes are required.

Two-Year Cost Estimate Adjustment

These adjustments vary depending upon whether budgeted or actual data is used in the calculation. As noted above, the estimated increase for MSB was 11% less than the actual increase. To provide consistent treatment of security-related cost increases or decreases, we believe the 32.94% originally proposed is sufficiently accurate to avoid substantive variances between estimated and actual cost increases. We assert that the estimate is used appropriately to calculate the 2006-07 Jail Ward Security costs.

Two-Year Population Estimate Adjustment

The LCMC Average Daily Population (ADP) ranges between 32 and 40 inmates. It is unreasonable to presume a significant variance upward or downward from this range, and in any case, applying a percentage to an imagined variance is of questionable value. It is similarly unreasonable to suggest that a significant increase in accuracy might be achieved by using a formula that adjusts the stated rate of -8.57% to -7.81%. It should be noted that the calculations made by the Audits Branch, used data that was not available when the original rate was calculated. The Jail Ward rate forecast was calculated in March 2006, but the actual ADP for 2006-07 would not be available until July 2007.

Note also that the Audits Branch method yielded 10,714 prisoner days. According to the Audits Branch formula, there were 9,881 (27.01×365) actual days, whereas the LASD estimate was 35 days closer to the actual number ($10,714 - 10,679$). Accordingly, we disagree with any proposed changes to the estimated percentage.

Finding 4: PRIOR RATE ESTIMATE ADJUSTMENT - JAIL WARD RATE
FISCAL YEAR 2004/05

Based upon the changes noted in Finding 3, to which LASD agrees, it is recommended that the overpayment for the Prior Rate Estimate Adjustment is re-calculated.

Finding 5: LCMC NON-ROUTINE MEDICAL OVER BILLINGS

The Los Angeles County Department of Health Services agrees with the finding of \$42,934.

Prisoner Maintenance Billings
Medical Module-TTCFM342
Fy 2006-07

Month	Days	Rate	Total
July	17	\$973.23	27,250.44
August	28	973.23	27,250.44
September	18	973.23	17,518.14
October	13	973.23	12,651.99
November	46	973.23	44,768.58
December	8	973.23	7,785.84
January	33	973.23	32,116.59
February	26	973.23	25,303.98
March	14	973.23	13,625.22
April	20	973.23	19,464.60
May	16	973.23	15,571.68
June	7	973.23	6,812.61
	246		\$250,120.11

246 @ \$901.66 = \$221,808.36

239,414.58

PRISONER MAINTENANCE BILLINGS
MEDICAL MODULES - TTCFM342
FY 2006-07

Month	Booking #	Name	From	To	Module	Days	Rate	Total Billed
July 06	9112952	Bonilla, Francisco	07/06/06	07/10/06	TTCFM342	5	973.23	4,866.15
	9107099	Thomas, Frederick	07/28/06	07/31/06	TTCFM342	4	973.23	3,892.92
	9131513	Zertuche, Carlos	07/21/06	07/26/06	TTCFM342	6	973.23	5,839.38
Aug 06	9044985	Wood, Tammy	07/01/06	07/02/06	TTCFM342	2	973.23	1,946.46
	9073164	Battle, Leal	08/02/06	08/08/06	TTCFM342	7	973.23	6,812.61
	9142619	Lsois, Alvriss	08/16/06	08/21/06	TTCFM342	6	973.23	5,839.38
	9150729	Simmons, Gerald	08/08/06	08/10/06	TTCFM342	3	973.23	2,919.69
	9107099	Thomas, Frederick	08/01/06	08/05/06	TTCFM342	5	973.23	4,866.15
Sept. 06	9110137	Maynard, Cherry	08/08/06	08/14/06	TTCFM342	7	973.23	6,812.61
	9196074	Allen, Willie	09/08/06	09/13/06	TTCFM342	5	973.23	4,866.15
	9177069	Lee, Patton	09/05/06	09/06/06	TTCFM342	2	973.23	1,946.46
	9088005	Sinclair, Zack	09/29/06	09/30/06	TTCFM342	2	973.23	1,946.46
	9177886	Torres, Randy	09/12/06	09/20/06	TTCFM342	9	973.23	8,759.07
Oct. 06	9084778	Clark, Heyward	10/14/06	10/23/06	TTCFM342	10	973.23	9,732.30
	9267605	Norwood, Andrew	10/31/06	10/31/06	TTCFM342	1	973.23	973.23
	9088005	Sinclair, Zack	10/01/06	10/02/06	TTCFM342	2	973.23	1,946.46
Nov. 06	9159401	Gallegos, Joe	11/01/06	11/12/06	TTCFM342	12	973.23	11,678.76
	9283423	Germany, Perry	11/16/06	11/20/06	TTCFM342	5	973.23	4,866.15
	9279818	Hicks, Michael	11/15/06	11/19/06	TTCFM342	5	973.23	4,866.15
	9176801	Moss, Dennis	11/27/06	11/30/06	TTCFM342	4	973.23	3,892.92
	9288540	Nobles, Ronnie	11/22/06	11/30/06	TTCFM342	9	973.23	8,759.07
Dec. 06	9267605	Norwood, Andrew	11/01/06	11/06/06	TTCFM342	6	973.23	5,839.38
	9282416	Wells, Danny	11/15/06	11/19/06	TTCFM342	5	973.23	4,866.15
	9339997	Minch, Robert	12/31/06	12/31/06	TTCFM342	1	973.23	973.23
	9176801	Moss, Dennis	12/01/06	12/07/06	TTCFM342	7	973.23	6,812.61
	9259123	Christian, Carl	01/30/07	01/31/07	TTCFM342	2	973.23	1,946.46
Jan. 07	9176362	Esquivel, Rodolfo	01/08/07	01/10/07	TTCFM342	3	973.23	2,919.69
	9354818	Glass, Charles	01/14/07	01/24/07	TTCFM342	11	973.23	10,705.53
	9339997	Minch, Robert	01/01/07	01/03/07	TTCFM342	3	973.23	2,919.69
	9137334	Sanchez, Michael	01/24/07	01/31/07	TTCFM342	8	973.23	7,785.84
	9266674	Tran, Minh	01/12/07	01/17/07	TTCFM342	6	973.23	5,839.38
Feb. 07	9259123	Christian, Carl	02/01/07	02/01/07	TTCFM342	1	973.23	973.23
	9412690	Doe, John	02/25/07	02/28/07	TTCFM342	4	973.23	3,892.92
	9377166	Oglesby, Paul	02/01/07	02/13/07	TTCFM342	13	973.23	12,651.99
	9137334	Sanchez, Michael	02/01/07	02/08/07	TTCFM342	8	973.23	7,785.84
Mar. 07	9424928	Nobles, Ronny	03/01/07	03/01/07	TTCFM342	1	973.23	973.23
			03/06/07	03/08/07	TTCFM342	3	973.23	2,919.69
	9722290	Gray, Sorena	03/22/07	03/31/07	TTCFM342	10	973.23	9,732.30
Apr. 07	9746060	High, Bobby	04/08/07	04/22/07	TTCFM342	15	973.23	14,598.45
	9722290	Gray, Sorena	04/01/07	04/05/07	TTCFM342	5	973.23	4,866.15
May	9794814	Buschow, Joseph	05/18/07	05/23/07	TTCFM342	6	973.23	5,839.38
	9732248	Clark, Heyward	05/22/07	05/31/07	TTCFM342	10	973.23	9,732.

Candalot, Sharon

From: Joe, Glen C. [GCJoe@lasd.org]
Sent: Tuesday, December 09, 2008 3:30 PM
To: Candalot, Sharon
Cc: Almendariz, Catherine; Vandenberg, Richard A.; Dragovich, Glen; Meredith, Conrad; Vestey, Michele C.; Culver, David E.
Subject: RE: Final Report

Hi Sharon,

#1 – the CAPS reports have been faxed (BTW...ignore the "Re:" line. It was incorrectly named)

#2 – see attached (filename: 11-19-08 email Q2 Info.pdf)

#3 – see attached (filename: 11-19-08 email Q3 MH Beds Svd.pdf). Based on the attached, perhaps a bed count within the range of 377 to 385 is reasonable. Somehow our agencies should come to an agreeable method for factoring MH beds which may periodically be served by MSB.

#4 – FY01/02 records have been destroyed (see attached from Tri-City). However, we're gathering information for a subsequent FY to assist in your analysis...should have it to you shortly.

Thanks,

Glen

From: Candalot, Sharon [mailto:Sharon.Candalot@cdcr.ca.gov]
Sent: Wednesday, November 19, 2008 3:29 PM
To: Joe, Glen C.; Vandenberg, Richard A.
Cc: Almendariz, Catherine
Subject: Final Report

Hi Glen and Rick,

As we are preparing the final audit report we found that we are in need of some supporting documents and questions answered. So here it goes.....

1. We need the CAPS report for FY 05/06 for Custody, MSB and Twin Towers.
2. We need your calculation and the supporting documents for your two-year estimate of the Jail Hospital rate.
3. In your response re: ADP jail hospital rate, you state that you agree that the ADP is overstated. What bed count did you use and what do you think the ADP should be?
4. We need the Recovery Allocation for FY 01/02 to calculate the Indirect Cost Allocation for the Department Overhead and Custody Overhead.

Your prompt reply would be much appreciated.

Thanks,

Sharon Candalot

DAILY JAIL RATES**FISCAL YEAR 2006-07**

<u>Operational Cost Change Percentage</u>			
	Custody 2004-05 Actual	Custody 2005-06 Budget	Operational Change
Salary & EB	411,345,058	482,695,000	
S & S	87,246,958	98,025,000	
Total	498,592,016	580,720,000	32.944%

Custody	
2005-06	
Actual	
497,902,456	
102,118,410	
600,020,866	40.69%

<u>Medical Services</u>	2004-05 Actual	2005-06 Actual	
Salary & EB	75,849,387	89,563,633	
S & S	21,256,689	25,298,056	
Total	97,106,076	114,861,689	36.57%

2006-07	
Actual	
110,775,889	
28,866,081	
139,641,970	43.80%

	<u>Actual 2004-05</u>	<u>Actual 2005-06</u>	
TWIN TOWERS			
SALARY & EB	73,836,826	73,187,661	
S & S	5,435,089	5,942,168	
TOTAL	79,271,915	79,131,285	-0.355%

ANNUAL EXPENDITURES STATUS REPORT BY MINOR OBJECT - COMBINES
 CURRENT, COMMITMENTS & YEAR END EXPENDITURE ACCRUALS
 FISCAL YEAR 2004 - 2005
 JULY 01, 2004 THRU JUNE 30, 2005

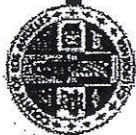
FUND A01
 DEPT SH SHERIFF
 LVL 1 LVL 2 LVL 3 LVL 4
 15681 15685 16500 16205
 MEDICAL SERVICES
 OBJ

S-OBJ	M	OBJ	ORG	DESCRIPTION	EXPENDED	OPEN ENCUMBRANCES	TOTAL
10R	1297	16205		PENSION SAVINGS PLAN	11,711	0	11,711
				PENSION SAVINGS PLAN	11,711	0	11,711
				MEDICAL SERVICES			
10R	1297	16205		TOTAL PENSION SAVINGS PLAN	11,711	0	11,711
10				TOTAL PENSION SAVINGS PLAN	11,711	0	11,711
20				TOTAL SALARIES & EMPLOYEE BENEFITS	75,849,387	0	75,849,387
20C	2029	16205		SERVICES & SUPPLIES			
				CLOTHING & PERSONAL SUPPLIES			
				INMATE CLOTHING			
				MEDICAL SERVICES	1,132	0	1,132
20C	2029	16205		TOTAL INMATE CLOTHING	1,132	0	1,132
2040	2040	16205		UNIFORMS	2,383	0	2,383
2040	2040	16205		MEDICAL SERVICES	2,383	0	2,383
20C	2040	16205		TOTAL UNIFORMS	2,383	0	2,383
20F	2172	16205		TOTAL CLOTHING & PERSONAL SUPPLIES	3,515	0	3,515
				HOUSEHOLD EXPENSE			
				OTHER			
				MEDICAL SERVICES	130,158	0	130,158
20J	2172	16205		TOTAL OTHER	130,158	0	130,158
20J	2392	16205		TOTAL HOUSEHOLD EXPENSE	130,158	0	130,158
20J	2392	16205		MAINTENANCE - EQUIPMENT			
				MEDICAL EQUIPMENT	612,284	5,000	617,284
				MEDICAL SERVICES	612,284	5,000	617,284
20J	2392	16205		TOTAL MEDICAL EQUIPMENT	612,284	5,000	617,284
20J	2396	16205		OFFICE EQUIPMENT-PARTS/SUPPLIE			
20J	2396	16205		MEDICAL SERVICES	303	0	303
20J	2396	16205		TOTAL OFFICE EQUIPMENT-PARTS/SUPPLIE	303	0	303
20J	2742	16205		TOTAL MAINTENANCE - EQUIPMENT	612,587	5,000	617,587
20K	2742	16205		MAINT BLDG & IMPRV			
				OTHER MAINTENANCE	117,162	0	117,162
				MEDICAL SERVICES	117,162	0	117,162
20J	2742	16205		TOTAL OTHER MAINTENANCE	117,162	0	117,162

ANNUAL EXPENDITURES STATUS REPORT BY MINOR OBJECT - COMBINES
 CURRENT, COMMITMENTS & YEAR END EXPENDITURE ACCRUALS
 FISCAL YEAR 2004 - 2005
 JULY 01, 2004 THRU JUNE 30, 2005

FUND A01
 DEPT SH SHERIFF
 LVL 1 LVL 2 LVL 3 LVL 4
 15681 15685 16500 16205
 MEDICAL SERVICES
 OBJ

S-OBJ	M OBJ	ORG	DESCRIPTION	EXPENDED	OPEN ENCUMBRANCES	TOTAL
22C	3983	16205	COMPUTER SOFTWARE COMPUTER APPLICATION SOFTWARE MEDICAL SERVICES	28,465	0	28,465
22C	3983		TOTAL COMPUTER APPLICATION SOFTWARE	28,465	0	28,465
22D	3994	16205	COMPUTER SOFTWARE INFORMATION TECHNOLOGY SRVCS ISD PROGRAMMING SERVICES MEDICAL SERVICES	28,465	0	28,465
22D	3994		TOTAL ISD PROGRAMMING SERVICES	1,140	0	1,140
22D	3994		TOTAL INFORMATION TECHNOLOGY SRVCS	1,140	0	1,140
20			TOTAL SERVICES & SUPPLIES	21,256,689	6,242,226	27,498,915
60D	6036	16205	FIXED ASSETS DATA HANDLING EQUIPMENT MEDICAL SERVICES	35,075	0	35,075
60D	6036		TOTAL DATA HANDLING EQUIPMENT	35,075	0	35,075
60D	6042	16205	MEDICAL-FIXED EQUIPMT MEDICAL SERVICES	0	3,122,356	3,122,356
60D	6042		TOTAL MEDICAL-FIXED EQUIPMT	0	3,122,356	3,122,356
60D	6043	16205	MEDICAL-MAJOR MOVEABLE EQUIPME MEDICAL SERVICES	0	410,855	410,855
60D	6043		TOTAL MEDICAL-MAJOR MOVEABLE EQUIPME	0	410,855	410,855
60D			TOTAL FIXED ASSETS	35,075	3,533,211	3,568,286
68A	6811	16205	TOTAL FIXED ASSETS INTRAUFUND TRANSFERS INTRAUFUND TRANSFERS AIDS PROGRAMS MEDICAL SERVICES	35,075	3,533,211	3,568,286
68A	6811		TOTAL AIDS PROGRAMS	12,900-	0	12,900-
68A	6862	16205	MENTAL HEALTH DEPT MEDICAL SERVICES	12,900-	0	12,900-
68A	6862		TOTAL MENTAL HEALTH DEPT	60,000-	0	60,000-
68A	6862		TOTAL MENTAL HEALTH DEPT	60,000-	0	60,000-
68A			TOTAL INTRAUFUND TRANSFERS	72,900-	0	72,900-
68A			TOTAL INTRAUFUND TRANSFERS	72,900-	0	72,900-
68A			LEVEL 4 ORG TOTAL	97,068,251	9,775,437	106,843,688



Expenditure Detail

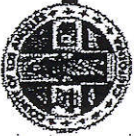
Report ID: GL-MDEXPD1
Run Date: 08/23/06 8:43 PM

Fiscal Year: 2006
Department: SH Sheriff
Fund: A01 General Fund

Org Lvl 1: 15681 Sheriff

Org Lvl 2: *ALL*

Unit	Object Class	Object	Description	Posting Date	Document Reference	Expanded YTD	Pre-Encumbrance YTD	Encumbrance YTD	Expanded/Pre-Encumbrance YTD
16205 Medical Services									
Current Year									
1000 Salaries & Employee Benefits									
10F Cafeteria Plan Benefits									
1305 Options Plan			PAYROLL	07/14/2006	JVPR-AC-06001538567-1	489,481.00	0.00	0.00	489,481.00
Total for 1305 Options Plan						\$5,354,195.88	\$0.00	\$0.00	\$5,354,195.88
10G Deferred Compensation Benefits						\$6,624,696.61	\$0.00	\$0.00	\$6,624,696.61
1295 Thrift Plan			Beginning Balance:			1,440,633.63	0.00	0.00	1,440,633.63
			PAYROLL	07/14/2006	JVPR-AC-06001538563-1	63,648.77	0.00	0.00	63,648.77
Total for 1295 Thrift Plan						\$1,504,282.40	\$0.00	\$0.00	\$1,504,282.40
1297 Pension Savings Plan			Beginning Balance:			9,792.81	0.00	0.00	9,792.81
			PAYROLL	07/14/2006	JVPR-AC-06001538565-1	1,095.38	0.00	0.00	1,095.38
Total for 1297 Pension Savings Plan						\$10,888.19	\$0.00	\$0.00	\$10,888.19
1298 Savings Plan			Beginning Balance:			119,695.67	0.00	0.00	119,695.67
			PAYROLL	07/14/2006	JVPR-AC-06001538566-1	11,482.45	0.00	0.00	11,482.45
Total for 1298 Savings Plan						\$131,178.12	\$0.00	\$0.00	\$131,178.12
10H Other Employee Benefits						\$1,646,268.71	\$0.00	\$0.00	\$1,646,268.71
1290 Peace Officer Relief Contr			Beginning Balance:			2,160.00	0.00	0.00	2,160.00
Total for 1290 Peace Officer Relief Contr						\$2,160.00	\$0.00	\$0.00	\$2,160.00
Total for 10H Other Employee Benefits						\$2,160.00	\$0.00	\$0.00	\$2,160.00
Total for 1000 Salaries & Employee Benefits						\$89,663,633.28	\$0.00	\$0.00	\$89,663,633.28
2000 Services & Supplies									
20G Clothing & Personal Supplies									



Expenditure Detail

Report ID: GL-MDEXPD1

Run Date: 08/29/06 8:43 PM

Fiscal Year: 2006
Department: SH Sheriff

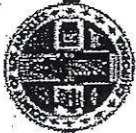
Fiscal Period: 13

Fund: A01 General Fund

Org Lvl 1: 15681 Sheriff

Org Lvl 2: *ALL*

Unit	Object Category	Object Class	Object	Description	Posting Date	Document Reference	Expended YTD	Pre-Encumbrance YTD	Encumbrance YTD	Expanded/Pre-Encumbrance/Encumbrance YTD
16205 Medical Services										
Current Year										
2000 Services & Supplies										
22E Computing-Mainframe										
			3983 Computer, Mainframe-Application Software	Beginning Balance:			1,989.68	0.00	0.00	1,989.68
			Total for 3983 Computer, Mainframe-Application Software				\$1,989.68	\$0.00	\$0.00	\$1,989.68
			Total for 22E Computing-Mainframe				\$7,177.68	\$0.00	\$0.00	\$7,177.68
2000 Services & Supplies										
6030 Fixed Assets - Equipment										
60D Fixed Assets										
6042 Medical-Fixed Equipment										
			Beginning Balance:				15,237.61	0.00	926,723.89	941,961.30
			NUAIRE, INC.		07/12/2006	GAED-SH-PS43352-1	0.00	0.00	11,161.23	11,161.23
			KAMCO INTERNATIONAL INC		07/12/2006	GAED-SH-PS43673-1	0.00	0.00	7,204.04	7,204.04
			DRAGER MEDICAL INC.		07/17/2006	GAED-SH-PS43780-1	0.00	0.00	11,752.67	11,752.67
			Total for 6042 Medical-Fixed Equipment				\$15,237.61	\$0.00	\$956,841.63	\$972,079.24
6049 Vehicles & Transportation Equipment										
			REYNOLDS BUICK INC		07/07/2006	GAED-SH-PS43462-1	0.00	0.00	20,208.51	20,208.51
			Total for 6049 Vehicles & Transportation Equipment				\$0.00	\$0.00	\$20,208.51	\$20,208.51
60D Fixed Assets										
Total for 60D Fixed Assets							\$15,237.61	\$0.00	\$977,050.14	\$992,287.75
6800 Intrafund Transfers										
68A Intrafund Transfers										
6811 AIDS Programs										
			Beginning Balance:				(14,825.00)	0.00	0.00	(14,825.00)
			OFFICE OF AIDS PROGRAMS & POLICY		07/27/2006	IFTA-HS-SH1613MAY04-1	(210.00)	0.00	0.00	(210.00)
			Total for 6811 AIDS Programs				(\$14,835.00)	\$0.00	\$0.00	(\$14,835.00)



Expenditure Detail

Report ID: GL-MDEXPD1

Run Date: 08/29/08 8:43 PM

Fiscal Year: 2006
Department: SH Sheriff

Fiscal Period: 13

Fund: A01 General Fund

Org Lvl 1: 15681 Sheriff

Org Lvl 2: *ALL*

Unit	Object Category	Object Class	Object	Description	Posting Date	Document Reference	Extended YTD	Pre-Encumbrance YTD	Encumbrance YTD	Extended/Pre-Encumbrance/Encumbrance YTD
16205 Medical Services										
Prior Year										
2000 Services & Supplies										
21T Training										
Total for 21T Training							\$1,975.00	\$0.00	\$0.00	\$1,975.00
22E Computing-Mainframe										
3983 Computer, Mainframe-Application Software				Beginning Balance:			0.00	0.00	0.00	0.00
Total for 3983 Computer, Mainframe-Application Software							\$0.00	\$0.00	\$0.00	\$0.00
Total for 22E Computing-Mainframe							\$0.00	\$0.00	\$0.00	\$0.00
Total for 2000 Services & Supplies							\$7,803,200.22	\$0.00	\$1,677,406.65	\$9,480,606.87
6030 Fixed Assets - Equipment										
60D Fixed Assets										
6042 Medical-Fixed Equipment				Beginning Balance:			668,917.00	0.00	2,451,109.15	3,118,026.15
Total for 6042 Medical-Fixed Equipment							\$668,917.00	\$0.00	\$2,451,109.15	\$3,118,026.15
6043 Medical-Major Moveable Equipment				Beginning Balance:			401,112.50	0.00	9,742.50	410,855.00
Total for 6043 Medical-Major Moveable Equipment							\$401,112.50	\$0.00	\$9,742.50	\$410,855.00
Total for 60D Fixed Assets							\$1,068,029.50	\$0.00	\$2,460,851.65	\$3,528,881.15
Total for 6030 Fixed Assets - Equipment							\$1,068,029.50	\$0.00	\$2,460,851.65	\$3,528,881.15
Total for Prior Year							\$6,871,229.72	\$0.00	\$4,138,258.30	\$13,009,488.02
Total for 16205 Medical Services							\$115,930,121.39	\$0.00	\$6,471,295.96	\$122,401,417.25



Expenditure Detail

July 01, 2007 - 13th Period 2007

Fiscal Year: 2007

Fiscal Period: 13

Department: SH Sheriff

Fund: A01 General Fund

Org Lvl 3: 16500 Correction Svc

Org Lvl 4:

Org Lvl 1: 15681 Sheriff

Org Lvl 2: 15685 Custody

Unit: 16205 Medical Service

Object	Object	Posting	Category	Class	Object	Date	Document	Description	Referenced Document	Expense	Pre-Encumbrance	Expense	Pre-Encumbrance
Current Year													
1000 Salaries & Employee Benefits													
10G Deferred Compensation Benefits													
1297 Pension Savings Plan													
Beginning Balance													
PAYROLL													
07/14/2007 JVPR AC 07001322554 1													
Total for 1297 Pension Savings Plan													
1298 Savings Plan													
Beginning Balance													
PAYROLL													
07/14/2007 JVPR AC 07001322555 1													
Total for 1298 Savings Plan													
Total for 10G Deferred Compensation Benefits													
10H Other Employee Benefits													
1290 Peace Officer Relief Contr													
Beginning Balance													
2,790.00													
\$2,790.00													
\$2,790.00													
\$110,775,888.39													
Total for 1290 Peace Officer Relief Contr													
Total for 10H Other Employee Benefits													
Total for 1000 Salaries & Employee Benefits													
2000 Services & Supplies													
20C Clothing & Personal Supplies													
2029 Inmate Clothing													
Beginning Balance													
PRECISION DYNAMIC C													
07/17/2007 GAX SH T187730297 1													
PRECISION DYNAMIC C													
07/17/2007 GAX SH T187730297 2													
PRECISION DYNAMIC C													
07/17/2007 GAX SH T187730297 3													
PRECISION DYNAMIC C													
07/17/2007 GAX SH T187730297 4													
PRECISION DYNAMIC C													
07/17/2007 GAX SH T187730297 5													
Total for 2029 Inmate Clothing													
852.80													
703.63													
140.73													
703.62													
1,190.75													
56.19													
\$3,647.72													



Expenditure Detail

July 01, 2007 - 13th Period 2007

Fiscal Year: 2007

Fiscal Period: 13

Department: SH Sheriff

Fund: A01 General Fund

Org Lvl 3: 16500 Correction Svc

Org Lvl 4:

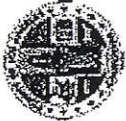
Org Lvl 1: 15681 Sheriff

Org Lvl 5:

Org Lvl 2: 15685 Custody

Unit: 16205 Medical Service

Object	Object	Posting	Document	Description	Referenced Document	Expense	Pre-Encumbrance	Expense	Pre-Encumbrance
Category	Class	Object	Date	Document	Description	Expense	Pre-Encumbrance	Expense	Pre-Encumbrance
Current Year									
2000 Services & Supplies									
22D Information Technology Service									
3904 ISD Contract Services									
Total for 3904 ISD Contract Services									
3994 ISD Programming Services									
Beginning Balance									
Total for 3994 ISD Programming Services									
Total for 22D Information Technology Services									
22E Computing-Mainframe									
3983 Computer, Mainframe-Applicatio									
Beginning Balance									
Total for 3983 Computer, Mainframe-Application Software									
Total for 22E Computing-Mainframe									
Total for 2000 Services & Supplies									
6030 Fixed Assets - Equipment									
60D Equipment									
6038 Computers, Midrange/Department									
Beginning Balance									
Total for 6038 Computers, Midrange/Departmental									
6042 Medical-Fixed Equipment									
Beginning Balance									
07/10/2007 GAED SH T43781 1									
Total for 6042 Medical-Fixed Equipment									
6043 Medical-Major Moveable Equipme									
Beginning Balance									
Total for 6043 Medical-Major Moveable Equipment									
Total for 60D Equipment									



Expenditure Detail

July 01, 2007 - 13th Period 2007

Fiscal Year: 2007 Fiscal Period: 13 Org Lvl 1: 15681 Sheriff Org Lvl 2: 15685 Custody
Department: SH Sheriff Fund: A01 General Fund Org Lvl 4: Unit: 16205 Medical Service
Org Lvl 3: 16500 Correction Svc Org Lvl 5:

Object	Object	Posting	Document	Description	Referenced Document	Expense	Pre-Encumbrance	Expense	Pre-Encumbrance
Category	Class	Object	Date						
Prior Year									
2000 Services & Supplies									
20Y Special Departmental Expense									
4550 Permit & License Fees									
Total for 20Y Special Departmental Expense									
21A Transportation And Travel									
5110 Traveling Expense									
Beginning Balance									
Total for 5110 Traveling Expense									
5138 Freight									
Total for 5138 Freight									
Total for 21A Transportation And Travel									
21T Training									
3854 Training									
Total for 3854 Training									
Total for 21T Training									
22A Computing-Personal									
3971 Computers, Personal-Noncapital									
Beginning Balance									
Total for 3971 Computers, Personal-Noncapital									
3972 Printers/Peripherals, Personal									
Beginning Balance									
Total for 3972 Printers/Peripherals, Personal									
Total for 22A Computing-Personal									
Total for 2000 Services & Supplies									

\$445,267.44
\$2,921,023.57

Medical Module - TTCFM342
Estimate of MH Beds Served by MSB

	A	B	C=B*365	D=A/C Avg. MH Beds Days Served by MSB	E=B*D Avg. Days Converted to Beds
	Days Served	No. of Beds	No. of Bed Days		
FY 2004-05	451	50	18,250	2%	1
FY 2005-06	126	50	18,250	1%	0
FY 2006-07	246	50	18,250	1%	1
FY 2007-08	441	50	18,250	2%	1
Totals	1,264	200	73,000	7%	3
Totals Averaged	316	50	18,250	2%	1

CONTAINERS BY ACCOUNT, CODE

Account: 100001401004

Name: L.A. County Sheriff's Dep-004

Container Code	Alternate Code	Date Range From	Date Range To	Sequence Range From	Sequence Range To	Item Status	Add Date	Destroy Date
180213	TC-MF-02-014	7/3/2002	7/26/2002	#200762	#200820	In	4/7/2006	12/31/2007
Description: Misc Fee Pink Receipts								
180214	TC-MF-02-015			N/A	N/A	In	4/7/2006	12/31/2007
Description: Returned Receipt Books from various units/stations								
180215	TC-MF-02-016			N/A	N/A	In	4/7/2006	12/31/2007
Description: Returned Receipt Books from various units/stations								
180216	RB01-02 DS#001			AGR'L COMM.	LAC-USC	In	4/7/2006	12/31/2007
Description: DSO's and IV's								
180217	RB01-02 DS#002			L.A.BAR ASSN	TREAS/TAX	In	4/7/2006	12/31/2007
Description: DSO's and IV's								
180218	RB02-03 DS#001			ANIMAL CARIPARKS & REC		In	4/7/2006	12/31/2008
Description: DSO's and IV's								
180219	RB02-03 DS#002			PROBATION VEHICLE THE		In	4/7/2006	12/31/2008
Description: DSO's and IV's								
180220	TC-PR-04-001			1	19	In	4/7/2006	12/31/2009
Description: Parking - Refunds 1 To 19 2003-2004								
180221	TC-PR-04-002			20	38	In	4/7/2006	12/31/2009
Description: Parking Refunds 20 TO 38 2003-04								
180222	TC-PR-04-003			39	43	In	4/7/2006	12/31/2009
Description: Parking Refunds 39 TO 43 2003-04								
180223	TC-PR-04-004	7/1/2003	7/31/2003			In	4/7/2006	12/31/2009
Description: Parking Daily Revenue July 2003								
180224	TC-PR-04-005	8/1/2003	8/31/2003			In	4/7/2006	12/31/2009

Candalot, Sharon

From: Candalot, Sharon
Sent: Thursday, November 20, 2008 9:53 AM
To: 'Joe, Glen C.'
Cc: Almendariz, Catherine
Subject: Medical Module TTCFM342

Glen,

We need the number of beds billed for the Mental Health beds (TTCFM342) for FYs 04/05, 05/06 and 07/08. Could you provide a listing like the one you attached to the audit response for those FYs. The hospital rate for each of those years is: 04/05 - \$708.43, 05/06 - \$685.21 and 07/08 - \$901.66. We are still required to pay you for the maintenance rate, so we reduced the FY 06/07 \$973.66 by \$71.57. The 246 bed days @ \$901.66 totals \$221,808.36. The rates listed above do not include the maintenance rate. If you could provide this information as soon as possible we would appreciate it.

Thanks,

*Sharon Candalot
Staff Management Auditor
Department of Corrections & Rehabilitation
Office of Audits & Compliance
(916) 255-2593*

Prisoner Maintenance Billings
Medical Modules-TTCFM342
F/Y 2004-05

Month	Days	Rate	Total
July	42✓	649.43	27,276.06✓
August	76✓	649.43	49,356.68✓
September	41✓	649.43	26,626.63✓
October	26✓	649.43	16,885.18✓
November	2	649.43	1,298.86✓
December	58✓	649.43	37,666.94✓
January	10✓	649.43	6,494.30✓
February	49✓	649.43	31,822.07✓
March	38✓	649.43	24,678.34✓
April	40✓	649.43	25,977.20✓
May	53✓	649.43	34,419.79✓
June	16✓	649.43	10,390.88✓
Total	451✓		292,892.93✓

Z

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Prisoner Maintenance Billings
Medical Module TTCFM342
F/Y 04-05

Month	Booking #	Name	Date		Days	Rate	Total Billed
			From	To			
July '04	8208753	Duffie, Anthony	07/27/04	07/31/04	5	649.43	3,247.15
	8156738	Gonzalez, Jesus	07/01/04	07/06/04	5	649.43	3,247.15
	8173692	Goodman, Larry	07/01/04	07/06/04	5	649.43	3,247.15
	8187089	Johnson, Patrick	07/08/04	07/09/04	1	649.43	649.43
	8113183	Reed, Jerry	07/01/04	07/06/04	5	649.43	3,247.15
	8121835	Sirlo, Alex	07/18/04	07/22/04	4	649.43	2,597.72
	8183466	Smith, Van	07/31/04		1	649.43	649.43
	8212467	Wells, Valencia	07/30/04	07/31/04	2	649.43	1,298.86
Aug. '04	8171370	Robertson, Mary	07/02/04	07/16/04	14	649.43	9,092.02
	8154595	Blay, Bruce	08/23/04	08/24/04	1	649.43	649.43
	8242711	Coleman, Malcolm	08/20/04	08/25/04	5	649.43	3,247.15
	8208753	Duffie, Anthony	08/01/04	08/04/04	3	649.43	1,948.29
	8134142	Fowlks, Charles	08/25/04	08/31/04	6	649.43	3,896.58
	8103226	Sanchez, Francisco	08/25/04	08/31/04	6	649.43	3,896.58
	8183466	Smith, Van	08/01/04	08/12/04	11	649.43	7,143.73
	8212467	Wells, Valencia	08/01/04	08/03/04	2	649.43	1,298.86
	8242039	Woods, Lonnie	08/18/04	08/26/04	8	649.43	5,195.44
	8170957	Jouradian, Carmen	08/04/04	08/31/04	27	649.43	17,534.61
	8171442	Wilson, Nicole	08/25/04	08/31/04	7	649.43	4,546.01
	8191863	Barriaga, Cesar	09/20/04	09/30/04	11	649.43	7,143.73
Sept. '04	8261286	Doe, John	09/24/04	09/30/04	7	649.43	4,546.01
	8282816	Duran, Joseph	09/30/04		1	649.43	649.43
	8232168	Leonard, Marvin	09/10/04	09/19/04	9	649.43	5,844.87
	8259820	Tinney, William	09/13/04	09/14/04	1	649.43	649.43
	8281527	Casey, Ruth	09/20/04	09/30/04	10	649.43	6,494.30
	8171442	Wilson, Nicole	09/01/04	09/03/04	2	649.43	1,298.86
	8191863	Barriaga, Cesar	10/01/04	10/05/04	4	649.43	2,597.72
	8261286	Doe, John	10/01/04	10/04/04	4	649.43	2,597.72
	8282816	Duran, Joseph	10/01/04	10/02/04	1	649.43	649.43
	8298325	Farmer, Vincent	10/05/04	10/14/04	9	649.43	5,844.87
Oct. '04	8254023	Gaskin, James	10/14/04	10/22/04	8	649.43	5,195.44
	8257479	Thompson, David	11/29/04	11/30/04	2	649.43	1,298.86
Nov. '04	8387717	Beamon, Robert	12/19/04	12/24/04	5	649.43	3,247.15
	8243099	Brown, Joe	12/22/04	12/27/04	5	649.43	3,247.15
Dec. '04	8377327	Bryson, Craig	12/08/04	12/12/04	4	649.43	2,597.72
	8378443	Conradson, Edward	12/22/04	12/27/04	5	649.43	3,247.15
	8385260	Dorsey, Dwite	12/14/04	12/21/04	7	649.43	4,546.01
	8387805	Lopez, Joe	12/23/04	12/31/04	9	649.43	5,844.87
	8307164	Lopez, Raymond	12/27/08	12/31/08	5	649.43	3,247.15
	8369611	Morfin, Rodolfo	12/01/04	12/03/04	2	649.43	1,298.86
	8394656	Reed, Jerry	12/23/04	12/31/04	9	649.43	5,844.87
	8257479	Thompson, David	12/01/04	12/08/04	7	649.43	4,546.01
	8387805	Lopez, Joe	01/01/05	01/03/05	2	649.43	1,298.86
	8307164	Lopez, Raymond	01/01/05	01/03/05	2	649.43	1,298.86
Jan. '05	8394656	Reed, Jerry	01/01/05	01/03/05	2	649.43	1,298.86
	8432293	Scott, Darryl	01/28/05	01/31/05	4	649.43	2,597.72

Feb. '05	8443567	Hughes, Richard	02/03/05	02/06/05	3	649.43	1,948.29
	8232231	Miranda, Alfred	02/26/05	02/28/05	3	649.43	1,948.29
	8432293	Scott, Darryl	02/01/05	02/28/05	28	649.43	18,184.04
	8195069	Wade, Jewell	02/14/05	02/28/05	15	649.43	9,741.45
Mar. '05	8506806	Campana, Joseph	03/27/05	03/30/05	3	649.43	1,948.29
	8471379	Kiley, Faruo	03/03/05	03/10/05	7	649.43	4,546.01
	8508825	Marez, Darrun	03/30/05	03/31/05	2	649.43	1,298.86
	8232231	Miranda, Alfred	03/01/05	03/03/05	3	649.43	1,948.29
	8485649	Morfin, Rodolfo	03/09/05	03/14/05	5	649.43	3,247.15
	8493778	Mosley, Carlton	03/18/05	03/22/05	4	649.43	2,597.72
	8449983	Price, Peter	03/31/05		1	649.43	649.43
	8432293	Scott, Darryl	03/01/05	03/03/05	2	649.43	1,298.86
			03/29/05	03/31/05	3	649.43	1,948.29
	8195069	Wade, Jewell	03/01/05	03/03/05	2	649.43	1,298.86
Apr. '05	8314711	Wells, Khartari	03/11/05	03/15/05	5	649.43	3,247.15
	8467279	Maxie, Kirksey	03/16/05	03/17/05	1	546.43	546.43
	8508825	Marez, Darrun	04/01/05	04/06/05	5	649.43	3,247.15
	8507892	Scott, Darryl	04/01/05	04/07/05	6	649.43	3,896.58
	8527820	Soto, Angel	04/12/05	04/19/05	7	649.43	4,546.01
	8372250	Terrell, Tammy	04/12/05	04/19/05	7	649.43	4,546.01
	8540303	West, Michael	04/21/05	04/24/05	3	649.43	1,948.29
			04/26/05	04/27/05	1	649.43	649.43
	8509074	Clark, Gina	04/01/05	04/08/05	7	649.43	4,546.01
	8478304	White, Patricia	04/08/05	04/12/05	4	649.43	2,597.72
May '05	8537965	Blake, James	05/11/05	05/23/05	12	649.43	7,793.16
	8539201	Cereda, Antonio	05/13/05	05/19/05	6	649.43	3,896.58
	8570947	Elgin, Travis	05/18/05	05/19/05	1	649.43	649.43
	8582310	Landrum, Derek	05/20/05	05/25/05	5	649.43	3,247.15
	8543323	Anderson, Joy	05/05/05	05/10/05	5	649.43	3,247.15
	8539947	Day, Kathie	05/12/05	05/24/05	12	649.43	7,793.16
	8588114	Maynard, Cherry	05/25/05	05/31/05	6	649.43	3,896.58
	8584825	Walker, Monica	05/20/05	05/26/05	6	649.43	3,896.58
	8549146	Caudillo, Mkie	06/15/05	06/16/05	1	649.43	649.43
	8599205	Crivello, Carl	06/16/05	06/17/05	1	649.43	649.43
Jun. '05	8593661	Harriman, Richard	06/11/05	06/16/05	4	649.43	2,597.72
	8603407	Jones, Darren	06/09/05	06/13/05	4	649.43	2,597.72
	8608507	Landrum, Derek	06/09/05	06/15/05	6	649.43	3,896.58
					451	892.93	292,789.93

Prisoner Maintenance Billings
Medical Module TTCFM342
F/Y 2005-06

Month	Days	Rate	Total
July	18	685.21	12,333.78
August	5	685.21	3,426.05
September	10	685.21	6,852.10
October	3	685.21	2,055.63
November	8	685.21	5,481.68
December	6	685.21	4,111.26
January	5	685.21	3,426.05
February	9	685.21	6,166.89
March	13	685.21	8,907.73
April	0	685.21	0.00
May	5	685.21	3,426.05
June	44	685.21	30,149.24
Total	126 ✓ 2		86,336.46 ✓ 3

Prisoner Maintenance Billings
Medical Module-TTCFM342
F/Y 05-06

Month	Booking #	Name	To	From	Date Days	Rate	Total Billed
July '05	8631281	Beck, Dwayne	07/15/05	07/21/05	6	685.21	4,111.26
	8619874	Francois, Houston	07/08/05	07/12/05	4	685.21	2,740.84
	8640603	Hayes, Robert	07/20/05	07/21/05	1	685.21	685.21
	8642922	Canfield, Shante	07/12/05	07/19/05	7	685.21	4,796.47
Aug. '05	8402674	Duran, Joey	08/21/05	08/26/05	5 ¹⁸	685.21	3,426.05
Sept. '05	8715463	Lewis, Jermaine	09/06/05	09/13/05	7	685.21	4,796.47
	8716443	Lewis, Sidney	09/04/05	09/07/05	3	685.21	2,055.63
Oct. '05	8766621	Scott, Darryl	10/09/05	10/12/05	3 ¹⁰	685.21	2,055.63
Nov. '05	8797140	Lewis, Jermaine	11/15/05	11/23/05	8	685.21	5,481.68
Dec. '05	8858357	Tatro, Phillip	12/22/05	12/28/05	6	685.21	4,111.26
Jan. '06	8791966	Shillong, Jonathan	01/27/06	01/31/06	5	685.21	3,426.05
Feb. '06	8862425	Robiano, Lazaro	02/07/06	02/14/06	7	685.21	4,796.47
	8791966	Shillong, Jonathan	02/01/06	02/03/06	2	685.21	1,370.42
	8966625	Norwood, Michael	03/15/06	03/21/06	6 ⁹	685.21	4,111.26
Mar. '06	8943071	Trent, Roland	03/12/06	03/13/06	1	685.21	685.21
	8951890	Yepez, Jorge	03/09/06	03/15/06	6	685.21	4,111.26
					13		0.00
Apr. '06							
May '06	9007628	Blake, James	05/04/06	05/09/06	5	685.21	3,426.05
Jun. '06	9020018	Castorena, Eliazar	06/07/06	06/15/06	8	685.21	5,481.68
	9084133	Gonzalez, Isaac	06/14/06	06/21/06	7	685.21	4,796.47
	9028145	Pickett, Leonardo	06/21/06	06/27/06	6	685.21	4,111.26
	9080727	Scott, Darryl	06/18/06	06/22/06	4	685.21	2,740.84
	9044985	Wood, Tammy	06/12/06	06/30/06	19	685.21	13,018.99
				44			
				126		86,336.46	✓

Prisoner Maintenance Billings
Medical Module TTCFM342
F/Y 2007-08

Month	Days	Rate	Total
July	75	901.66	67,624.50
August	73	901.66	65,821.18
September	10	901.66	9,016.60
Ocotober	34	901.66	30,656.44
November	18	901.66	16,229.88
December	1	901.66	901.66
January	38	901.66	34,263.08
February	29	901.66	26,148.14
March	18	901.66	16,229.88
April	45	901.66	40,574.70
May	75	901.66	67,624.50
June	25	901.66	22,541.50
Total	441 ✓		397,632.06 ✓

Prisoner Maintenance Billings
Medical Modules-TTCFM342
F/Y 07-08

Month	Booking #	Name	Date		Days	Rate	Total Billed
			To	From			
July '07	9732248	Clark, Heyward	07/23/07	07/31/07	9	901.66	8,114.94
	9694963	Dorsey, Thomas	07/03/07	07/19/07	16	901.66	14,426.56
	9839455	Graffius, James	07/08/07	07/31/07	24	901.66	21,639.84
	9367973	Pickett, Leonardo	07/01/07	07/13/07	12	901.66	10,819.92
	9862506	Thomaspelerman, Lenne	07/18/07	07/31/07	14	901.66	12,623.24
Aug. '07	9732248	Clark, Heyward	08/01/07	08/27/07	26	901.66	23,443.16
	9849729	Frazier, Kenneth	08/06/07	08/21/07	15	901.66	13,524.90
	9839455	Graffius, James	08/01/07	08/07/07	6	901.66	5,409.96
	9905990	Rosumny, Craig	08/17/07	08/13/07	13	901.66	11,721.58
	9691793	Parra, Anna	08/02/07	08/09/07	7	901.66	6,311.62
Sept. '07	9862506	Thomaspelerman, Lenne	08/01/07	08/07/07	6	901.66	5,409.96
	9839455	Graffius, James	09/07/07	09/17/07	10	901.66	9,016.60
Oct. '07	9849729	Frazier, Kenneth	10/25/07	10/30/07	5	901.66	4,508.30
	9843924	Hubert, Matthew	10/10/07	10/30/07	20	901.66	18,033.20
Nov. '07	1000866	Wheatley, Shalla	10/23/07	10/31/07	9	901.66	8,114.94
	1008866	Wheatley, Shalla	11/01/07	11/19/07	18	901.66	16,229.88
Dec. '07	1109872	Pelayo, Miguel	12/27/07	12/28/07	1	901.66	901.66
Jan. '08	1103468	Doles, Noran	01/07/08	01/27/08	20	901.66	18,033.20
	1140269	Maher, Mark	01/27/08	01/31/08	4	901.66	3,606.64
	1138851	Sparks, Robin	01/18/08	01/31/08	14	901.66	12,623.24
Feb. '08	1163971	Ballestros, Jonathan	02/09/08	02/14/08	5	901.66	4,508.30
	1173573	Davis, Virgil	02/18/08	02/22/08	4	901.66	3,606.64
	1099110	Gallegos, Joe	02/04/08	02/19/08	15	901.66	13,524.90
	1175886	Ryman, Jonathan	02/27/08	02/29/08	3	901.66	2,704.98
	1138851	Sparks, Robin	02/01/08	02/03/08	2	901.66	1,803.32
Mar. '08	1199991	Irvin, Leallon	03/22/08	03/26/08	4	901.66	3,606.64
	1214898	Marcus, Robert	03/14/08	03/25/08	11	901.66	9,918.26
	1225764	Wright, Steven	03/22/08	03/25/08	3	901.66	2,704.98
Apr. '08	1180430	Brewster, Ace	04/28/08	04/30/08	3	901.66	2,704.98
	1241776	Clark, Heyward	04/15/08	04/21/08	6	901.66	5,409.96
	1244590	Hidalgo, Noel	04/04/08	04/14/08	10	901.66	9,016.60
	9845945	Robaina, Lazaro	04/11/08	04/15/08	4	901.66	3,606.64
			04/17/08	04/24/08	7	901.66	6,311.62
May '08	1209461	Shillong, Jonathan	04/21/08	04/30/08	10	901.66	9,016.60
	1253653	Cierva, Matilda	04/14/08	04/17/08	3	901.66	2,704.98
	9801390	Harmon, Mashall	04/28/08	04/30/08	2	901.66	1,803.32
	1804430	Brewster, Ace	05/01/08	05/31/08	31	901.66	27,951.46
	1464928	Cutler, Jason	05/26/08	05/31/08	6	901.66	5,409.96
	1229223	Messian, Ruben	05/13/08	05/20/08	7	901.66	6,311.62
	1209461	Shillong, Jonathan	05/01/08	05/07/08	6	901.66	5,409.96
	1463697	Taylor, Muhammad	05/08/08	05/27/08	19	901.66	17,131.54
	1465435	Wynne, John	05/09/08	05/15/08	6	901.66	5,409.96
	June '08	1180430	Brewster, Ace	06/01/08	06/03/08	2	901.66
1464928		Cutler, Jason	06/01/08	06/09/08	8	901.66	7,213.28
1208461		Shillong, Jonathan	06/16/08	06/30/08	15	901.66	13,524.90
						441	397,632.06